



Decoding

India's SaaS Startup

Ecosystem Report | 2024

InFocus: SaaS In An AI-First World

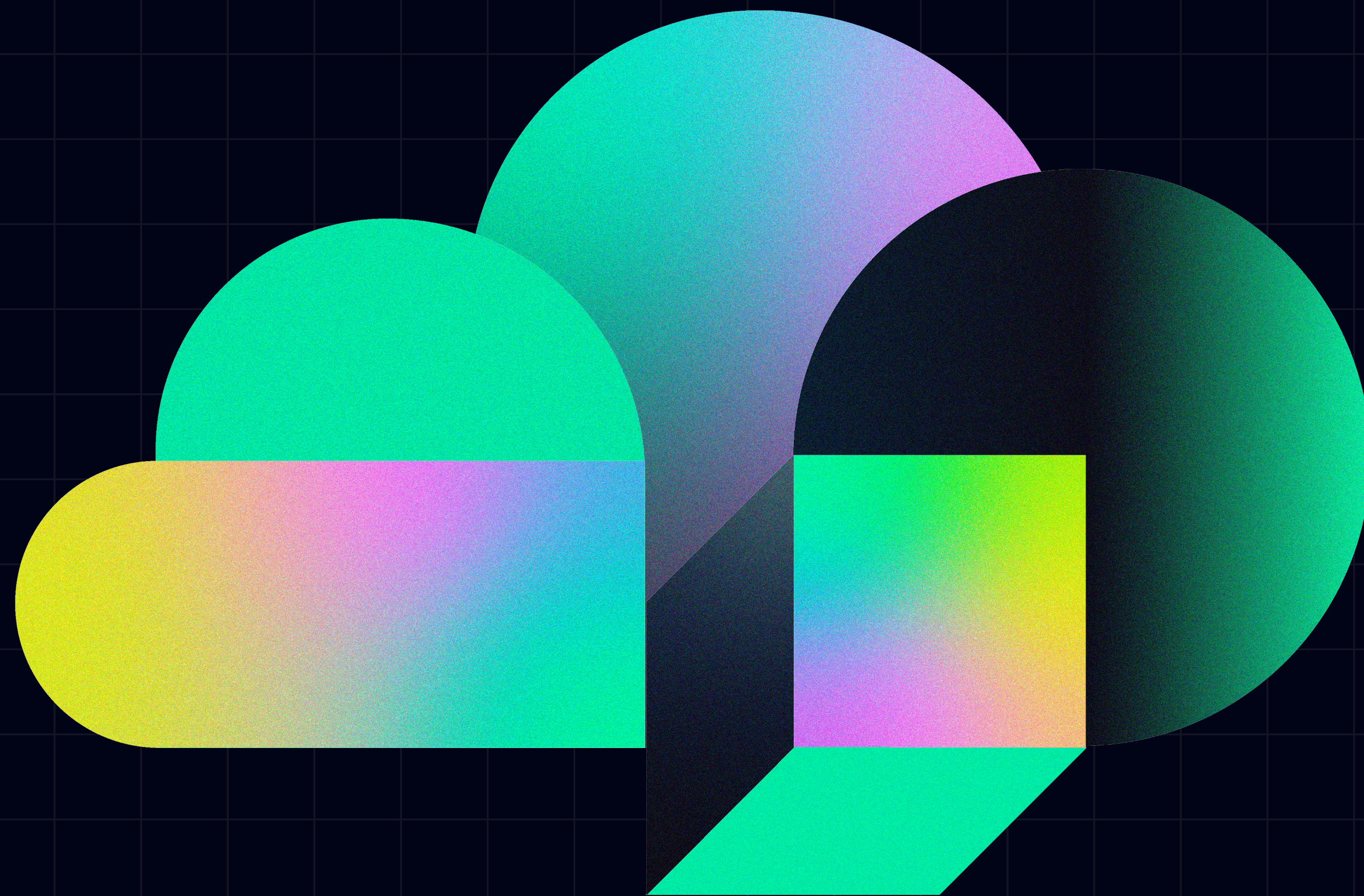


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India To Have 900 Mn+ Active Internet Users By 2025

By 2025, a majority of new internet users, 56%, will hail from rural areas, and females will constitute 65% of the influx of new internet users

	2023	2025 (E)	% Growth (Absolute)		
Smartphone Users	1 Bn+	1.1 Bn+	10%	Internet Penetration (Active Users)	55%
Internet Users	821 Mn+	900 Mn+	10%	Urban Internet Penetration (Active Users)	86%
Urban internet Users	378 Mn+	396 Mn+	5%	Cost Of 1 GB Internet	\$0.16
Rural internet Users	442 Mn+	504 Mn+	14%	5G Enabled Indian Cities/Towns	7.7K+
				Number Of Male Internet Users	443 Mn+
				Number Of Female Internet Users	378 Mn

Source: IAMAI, Inc42 Analysis

India's SaaS Startup Landscape: Key Highlights

70 Bn+ India SaaS Market Opportunity By 2030

26 Bn+ Vertical SaaS Market Opportunity By 2030

\$20 Bn+ Total Funding

2.2K+ Funded SaaS Startups

27 Unicorns

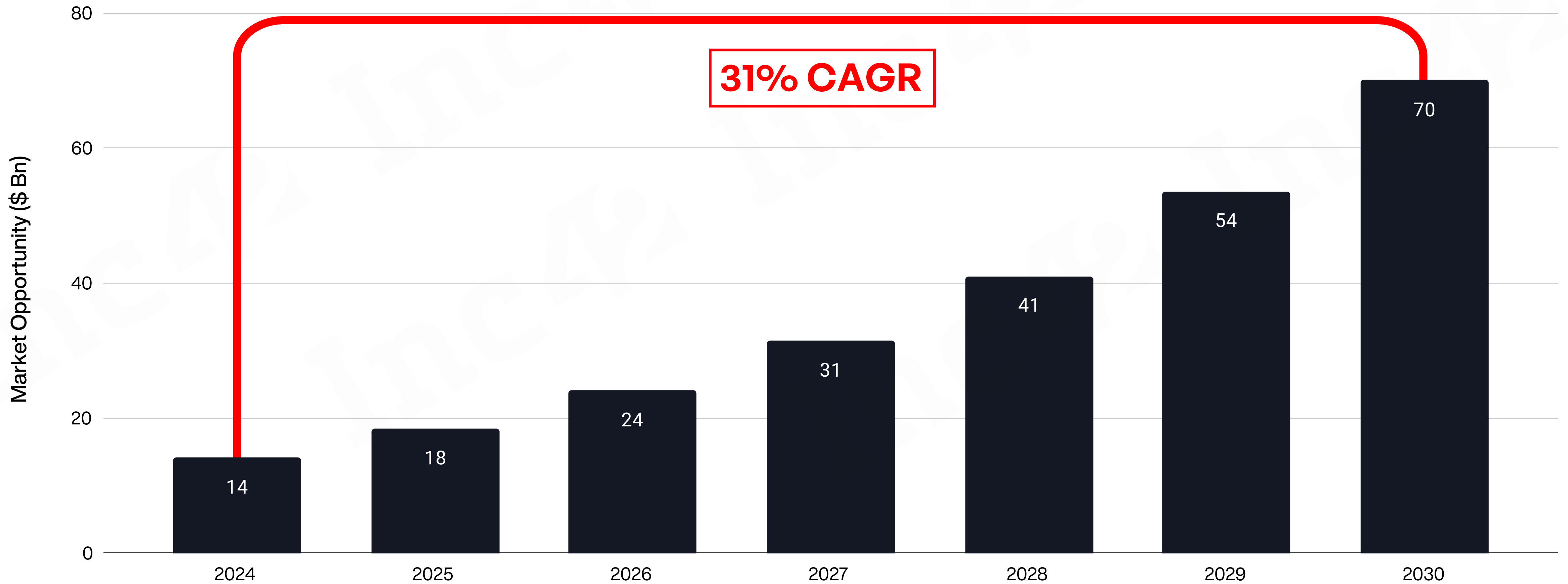
22 Soonicorns

1.3K+ M&A Recorded From 2014 To H1 2024



India's \$70 Bn+ SaaS Opportunity

SaaS sector expected to grow at 31% CAGR from 2024-2030

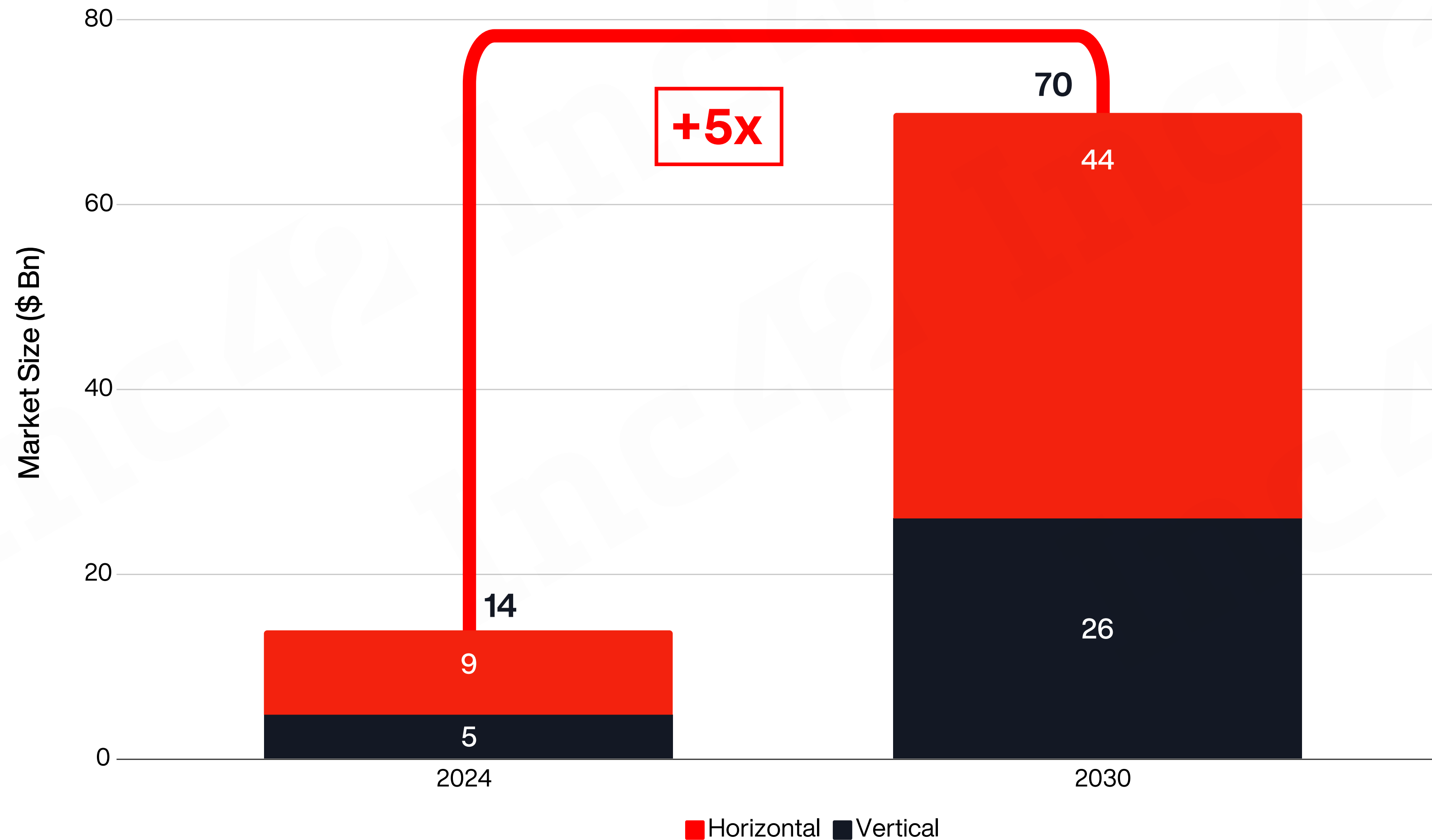


Source: Mckinsey, Inc42 Analysis

Note: The market size is determined by projecting the anticipated revenue of the Indian SaaS industry from 2024 to 2030, factoring in market drivers and growth rate analysis

The \$70 Bn Opportunity: Growth Potential Of Vertical & Horizontal SaaS

Vertical SaaS is expected to see substantial growth in the Indian SaaS market, projected to increase by 37% by 2030.



How Vertical SaaS emerged in India SaaS market:

- **AI powered efficiency:** Enables advanced data analytics, automation, and intelligent workflows allowing businesses to streamline processes and enhance decision-making capabilities
- **Predictive Analytics:** The integration of AI allows for advanced predictive analytics capabilities. Businesses can leverage historical data to forecast trends and consumer behavior, enabling better decision-making and resource allocation

Source: Inc42 Analysis

Note: The projected market size from 2024 to 2030 is based on total revenue generated by both horizontal and vertical SaaS, with vertical SaaS leading in niche markets and horizontal SaaS dominating in scalability

India's SaaS Startup Landscape

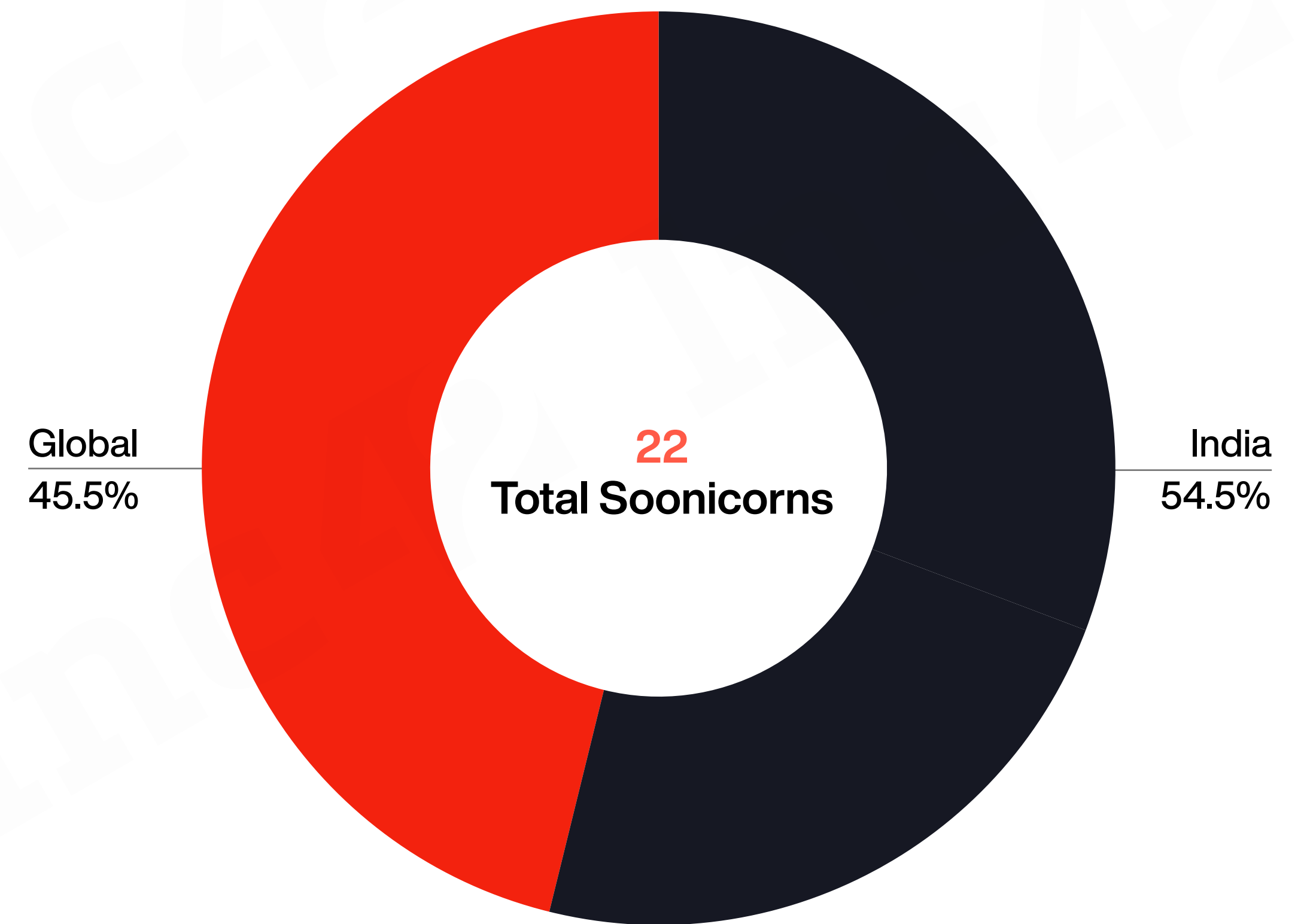
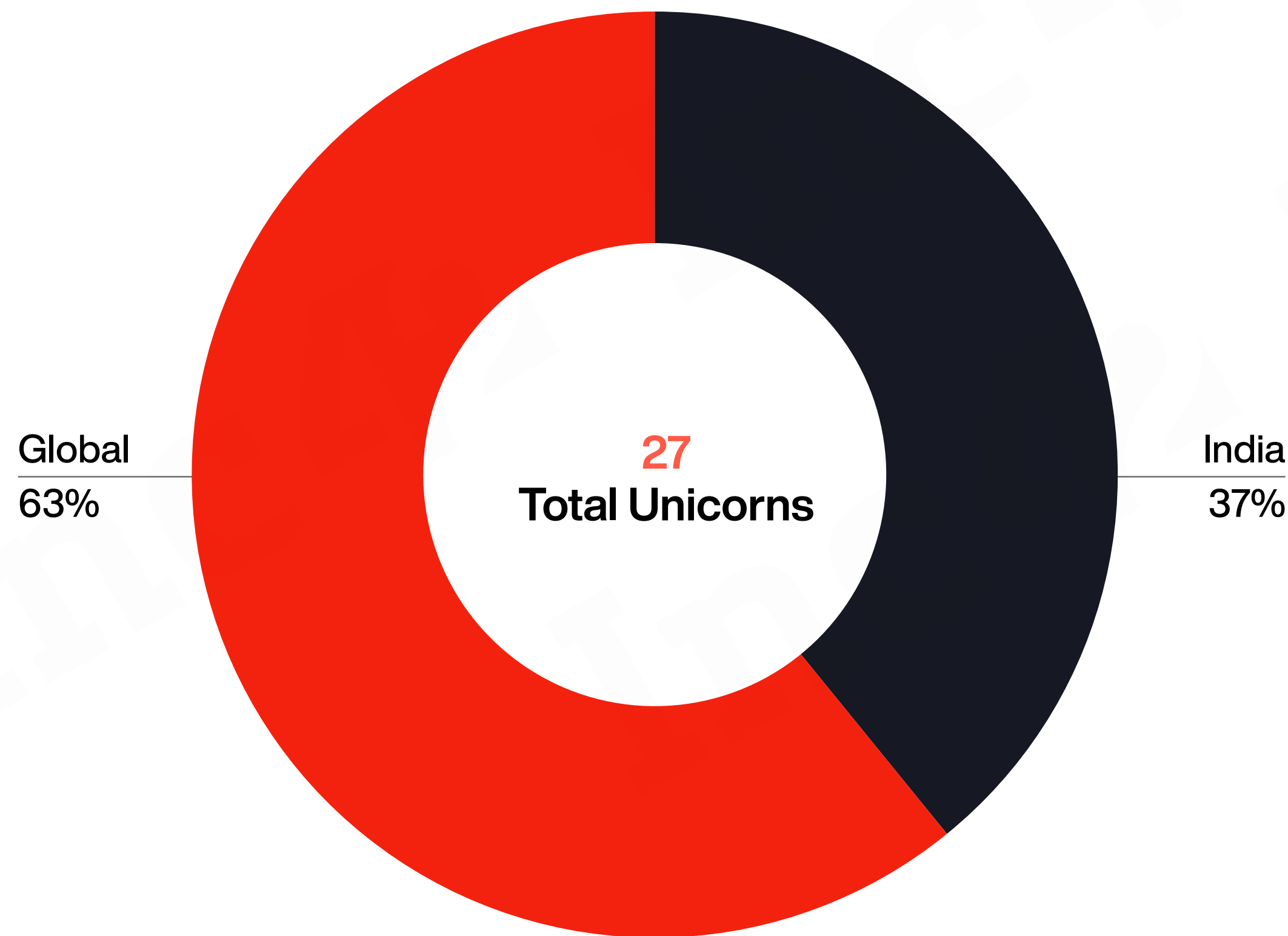


Source: Inc42

Note: This is a representative sample of startups across various categories in the Indian SaaS space, not an exhaustive list

Most Indian SaaS Startups Have Headquarters Outside

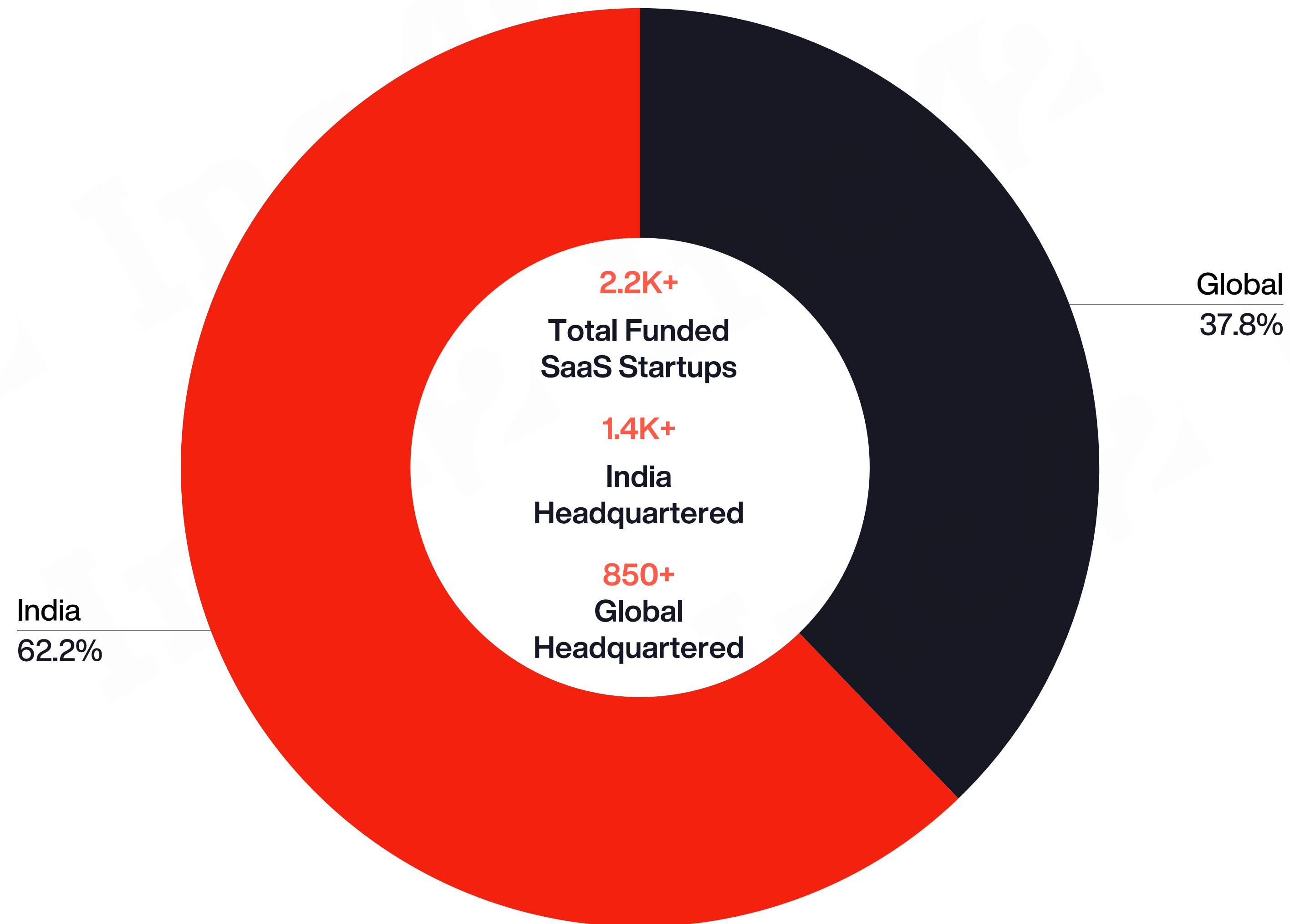
63% of Indian unicorns have their headquarters located outside of India



Source: Inc42

Note: The data considered includes information from the parent company, whether headquartered in India or internationally

38% of Funded SaaS Startups Are Headquartered Outside India

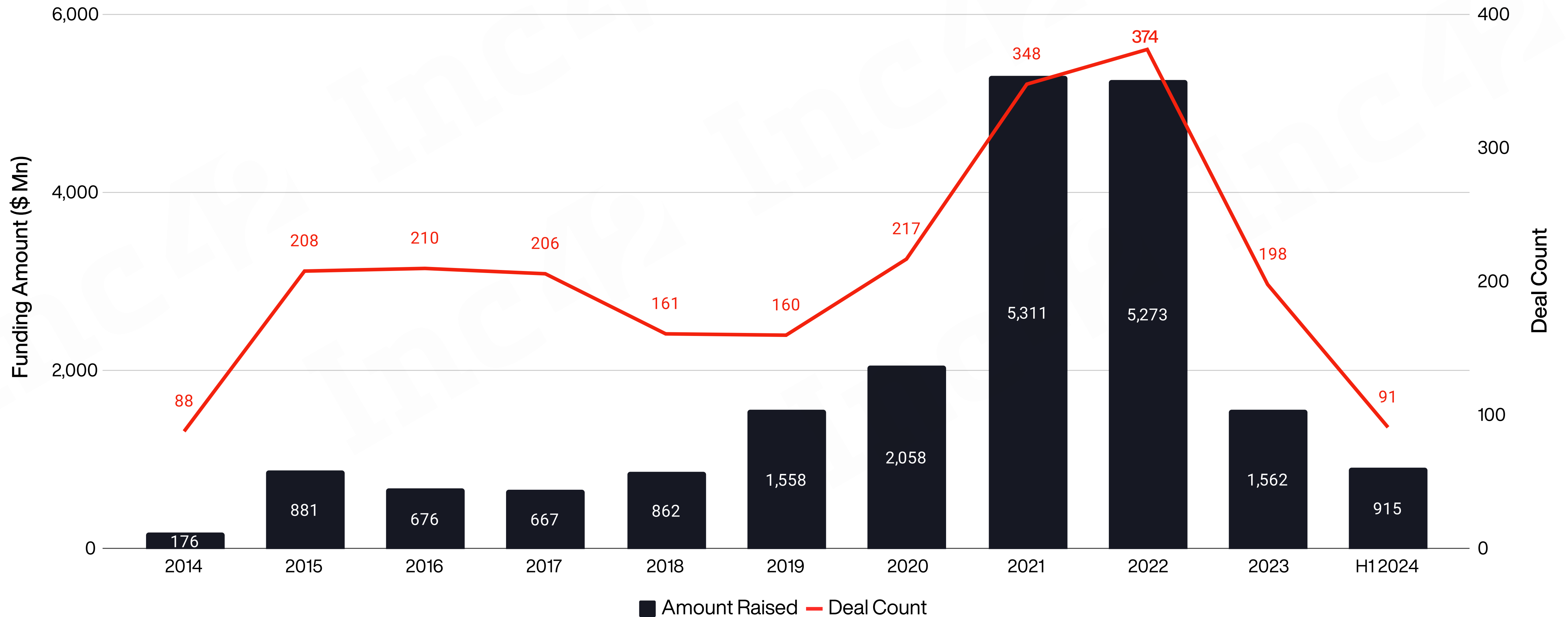


Source: Inc42

Note: The data considered includes information from the parent company, whether headquartered in India or internationally

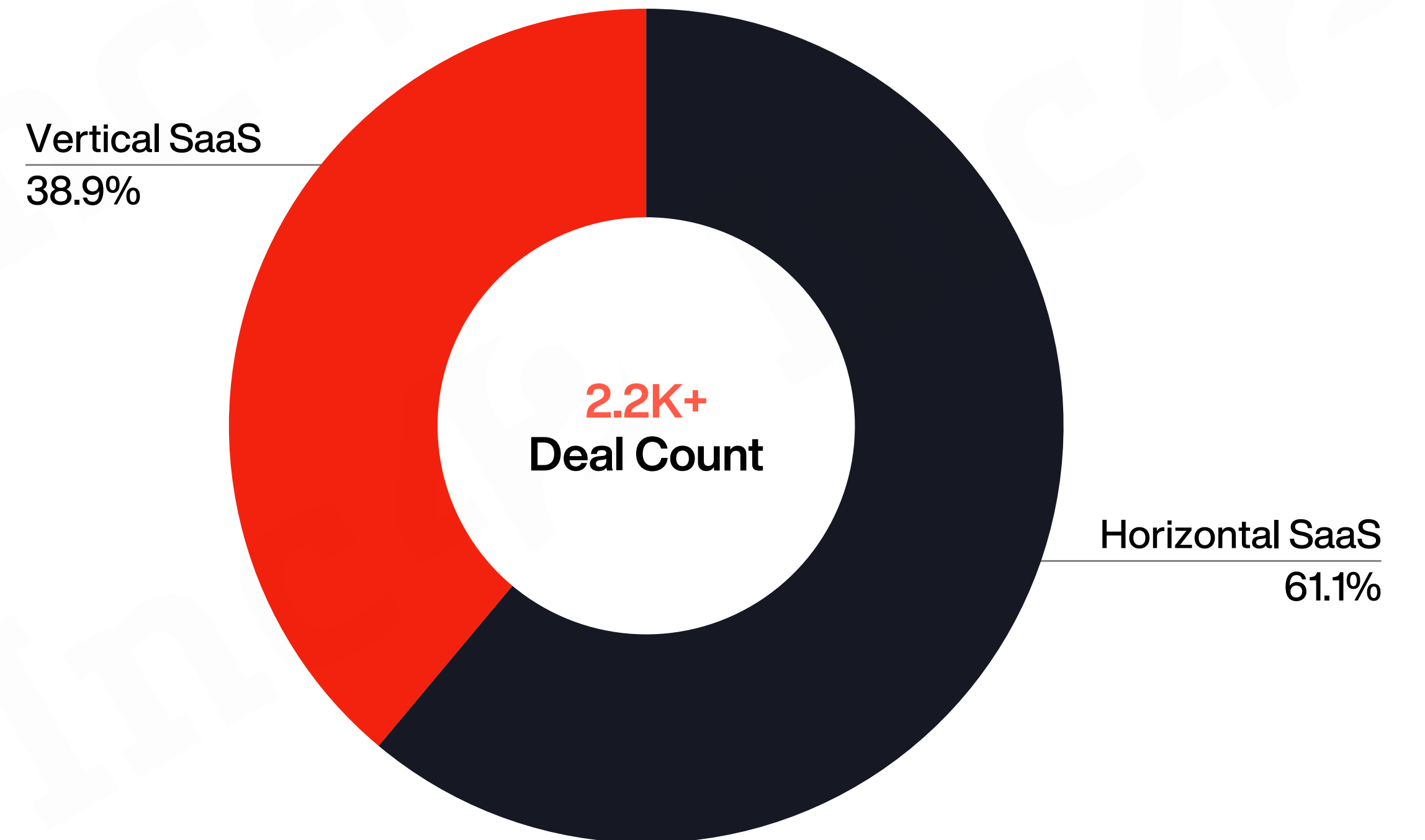
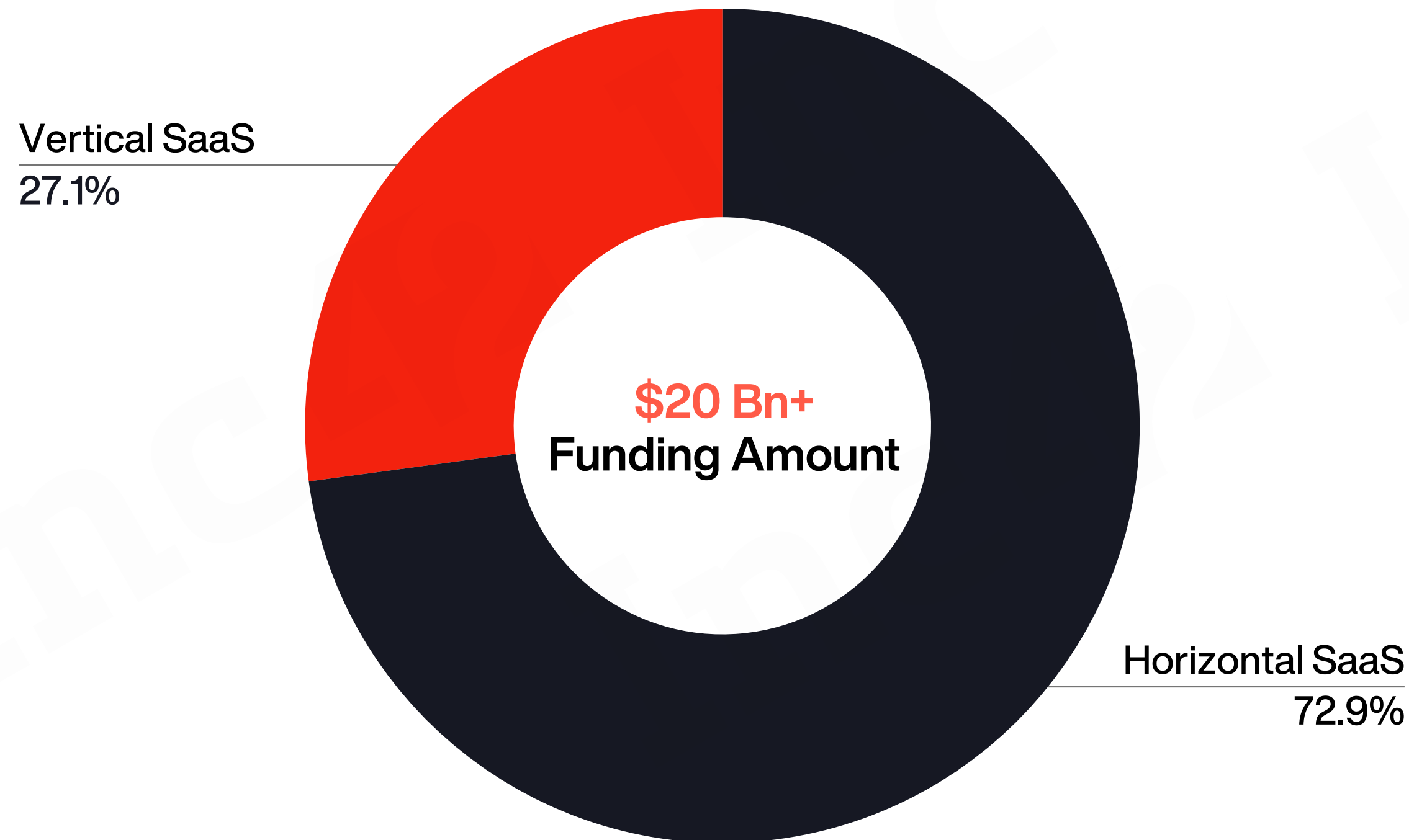
Over \$20 Bn Invested In Indian SaaS Startups In Last 10 Years

In 2023, the amount of funding raised and the number of deals declined by 31% compared to the previous year



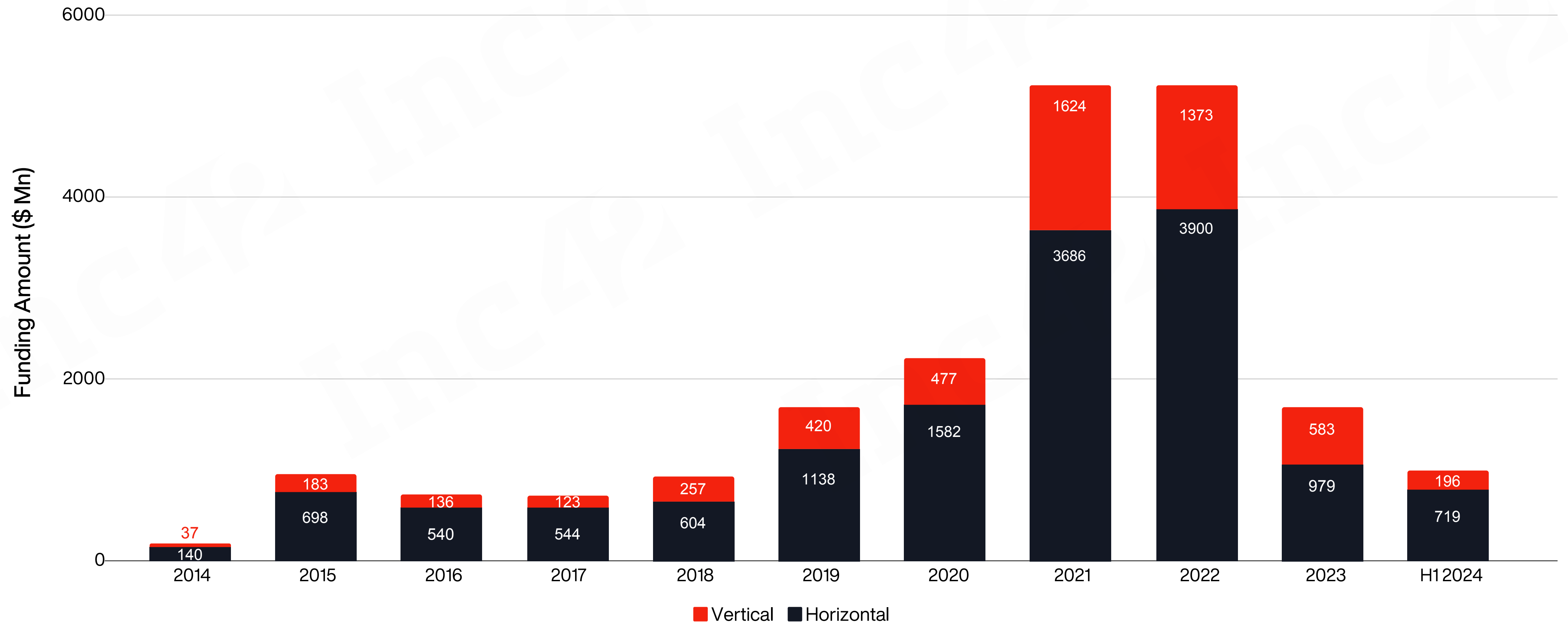
Source: Inc42

Horizontal SaaS Snapped Most Funding Poured Into Indian SaaS Startups



Vertical SaaS Outpaces Horizontal SaaS With Strong Growth In Funding Between 2018 & 2023

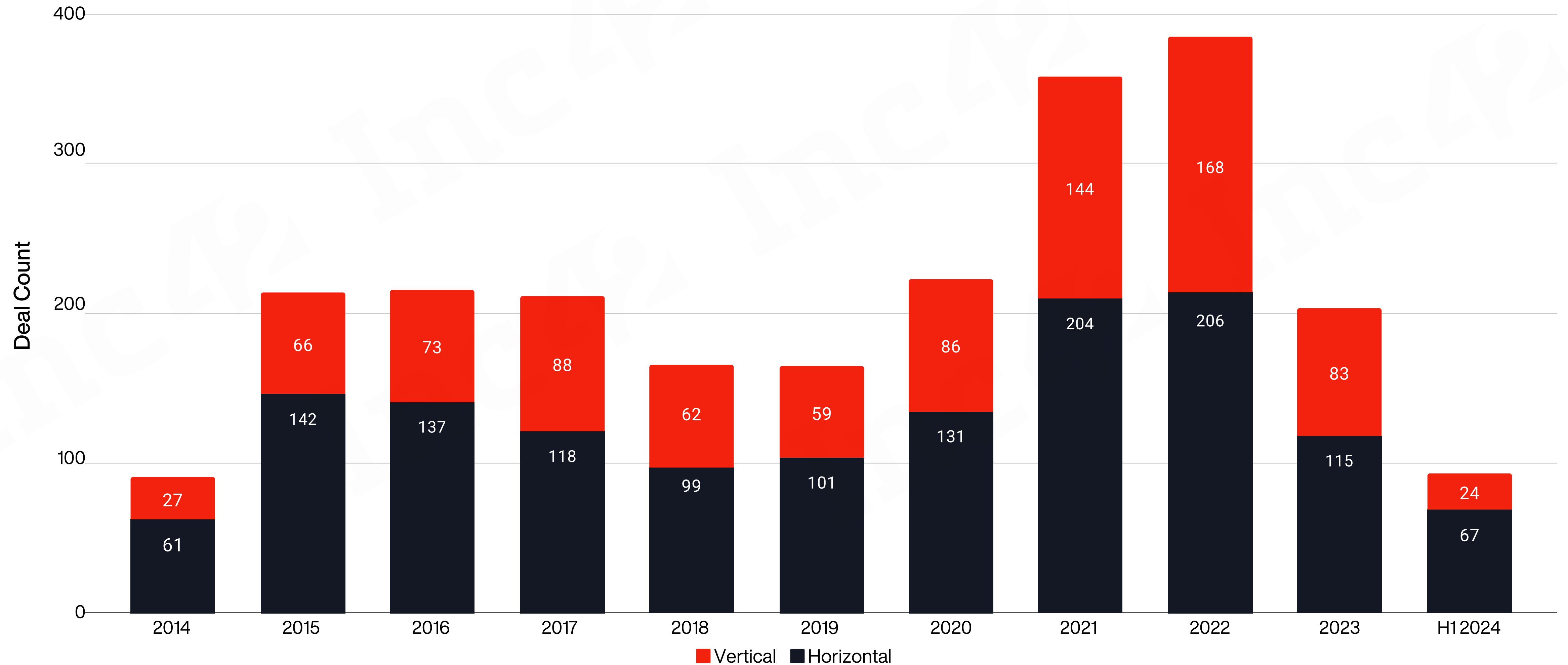
Between 2018 to 2023, vertical SaaS achieved a 18% CAGR in funding, outpacing horizontal SaaS at 10%



Source: Inc42











Vertical SaaS Outpaces Horizontal In Deal Volume Growth [2018-2023]

From 2018 to 2023, CAGR of deal count for horizontal SaaS accounted 3% and vertical SaaS accounted 6%



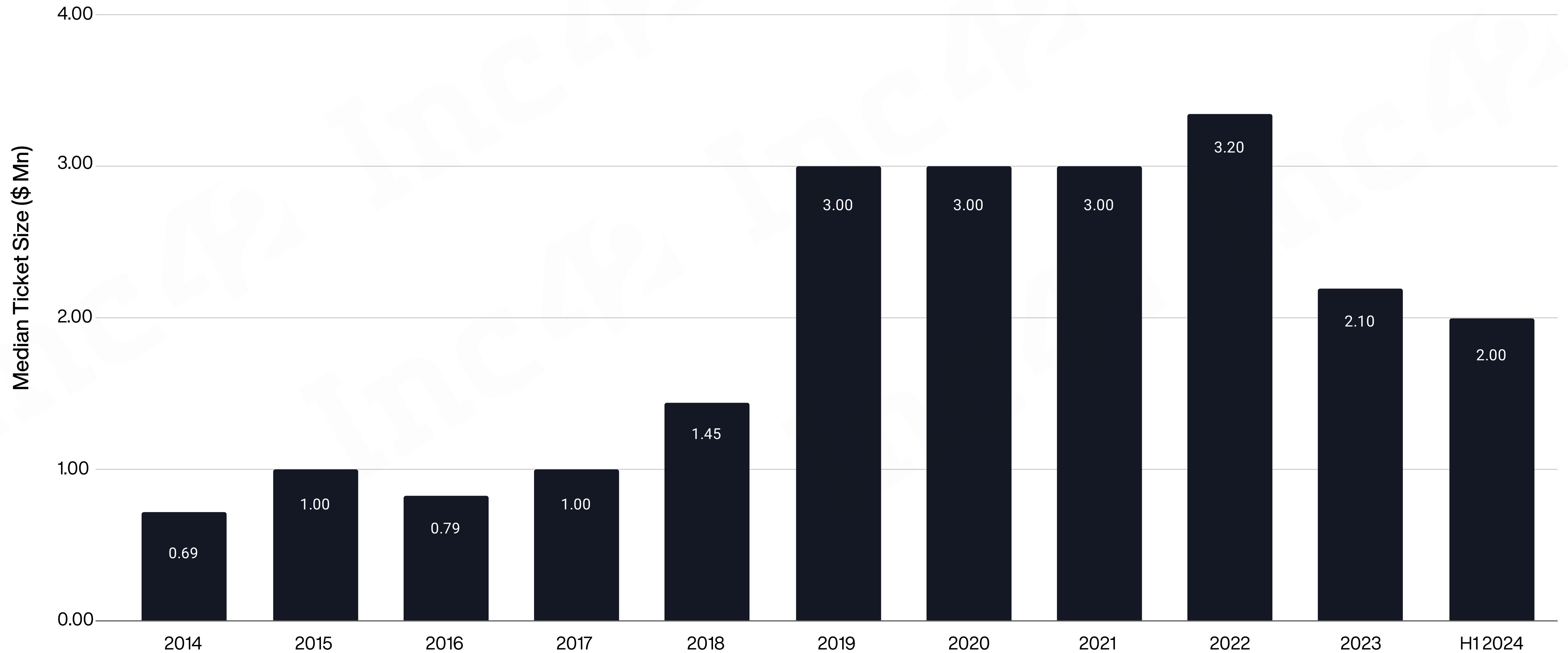
Source: Inc42

India's Top Ten SaaS Startup Funding Rounds [2014 To H1 2024]

Startup Name	Sub Sector	Funding Amount	Funding Stage	Notable Investors
 polygon	Horizontal SaaS	\$450 Mn	Late Stage	Tiger Global Management, SoftBank, Peak XV Partners
 uniphore	Horizontal SaaS	\$400 Mn	Late Stage	New Enterprise Associates, March Capital
 fractal	Horizontal SaaS	\$360 Mn	Late Stage	TPG Capital
 chargebee	Vertical SaaS	\$250 Mn	Late Stage	Peak XV Partners, Tiger Global Management, Steadview Capital
 Perfios <small>Lead - Leap</small>	Vertical SaaS	\$229 Mn	Late Stage	Kedaara Capital
 POSTMAN	Horizontal SaaS	\$225 Mn	Late Stage	Nexus Venture Partners, Battery Ventures, Coatue, Insight Partners
 Icertis	Horizontal SaaS	\$150 Mn	Late Stage	Silicon Valley Bank
 freshworks	Horizontal SaaS	\$150 Mn	Late Stage	Peak XV Partners, CapitalG
 druva	Horizontal SaaS	\$147 Mn	Late Stage	Uber, Viking Global Investors, Atreides Management, CDPQ
 INFRA.MARKET	Horizontal SaaS	\$125 Mn	Late Stage	Tiger Global Management

Source: Inc42




After An Uptick During 2019 To 2022, SaaS Startup Funding Ticket Size Remain Under \$2 Mn In H1 2024



Source: Inc42

Indian Startup Funding: Stagemwise Outlook

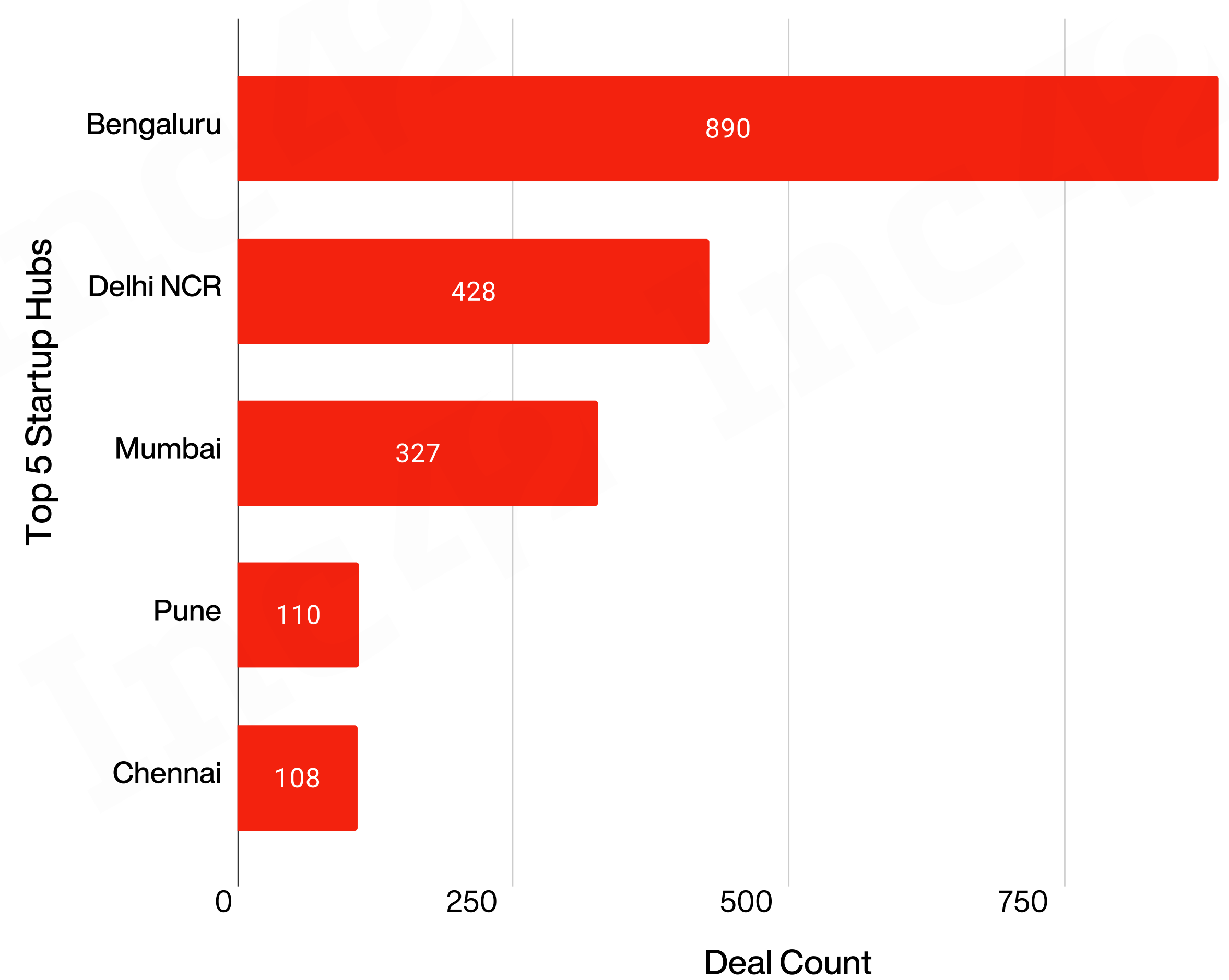
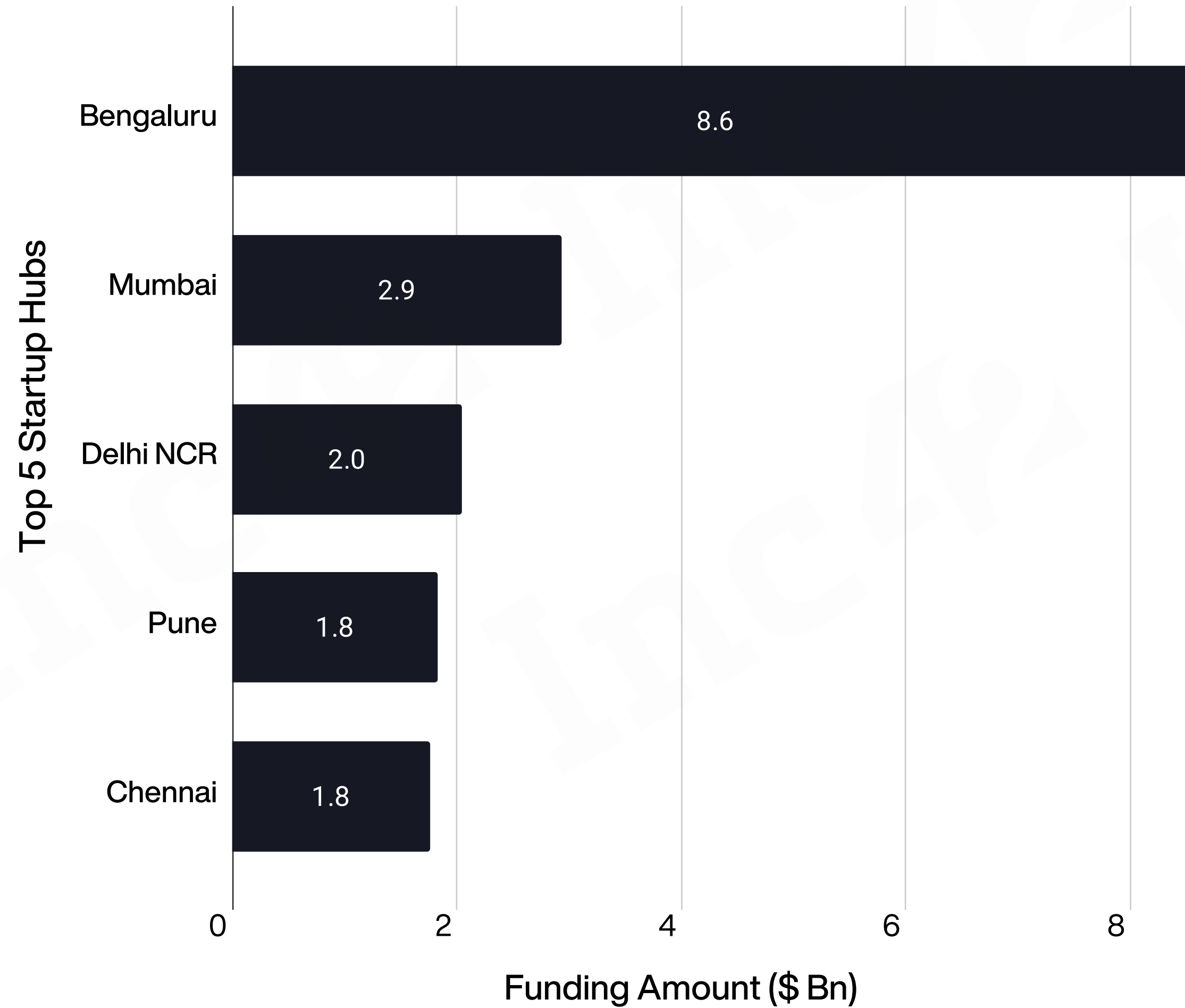
Horizontal SaaS accounted for 61% of all investment deals recorded by Indian SaaS startups since 2014

Investment Stage	Funding Amount	Deal Count	Median Ticket Size
 Seed Stage	\$1.8 Bn+	1.2K+	\$1 Mn
 Growth Stage	\$7.1 Bn+	577+	\$8 Mn
 Late Stage	\$10 Bn+	174+	\$50 Mn

Source: Inc42

Note: Based on Indian startup funding deals recorded between 2014 and H1 2024

Bengaluru Emerges As The Top SaaS Startup Hub In India

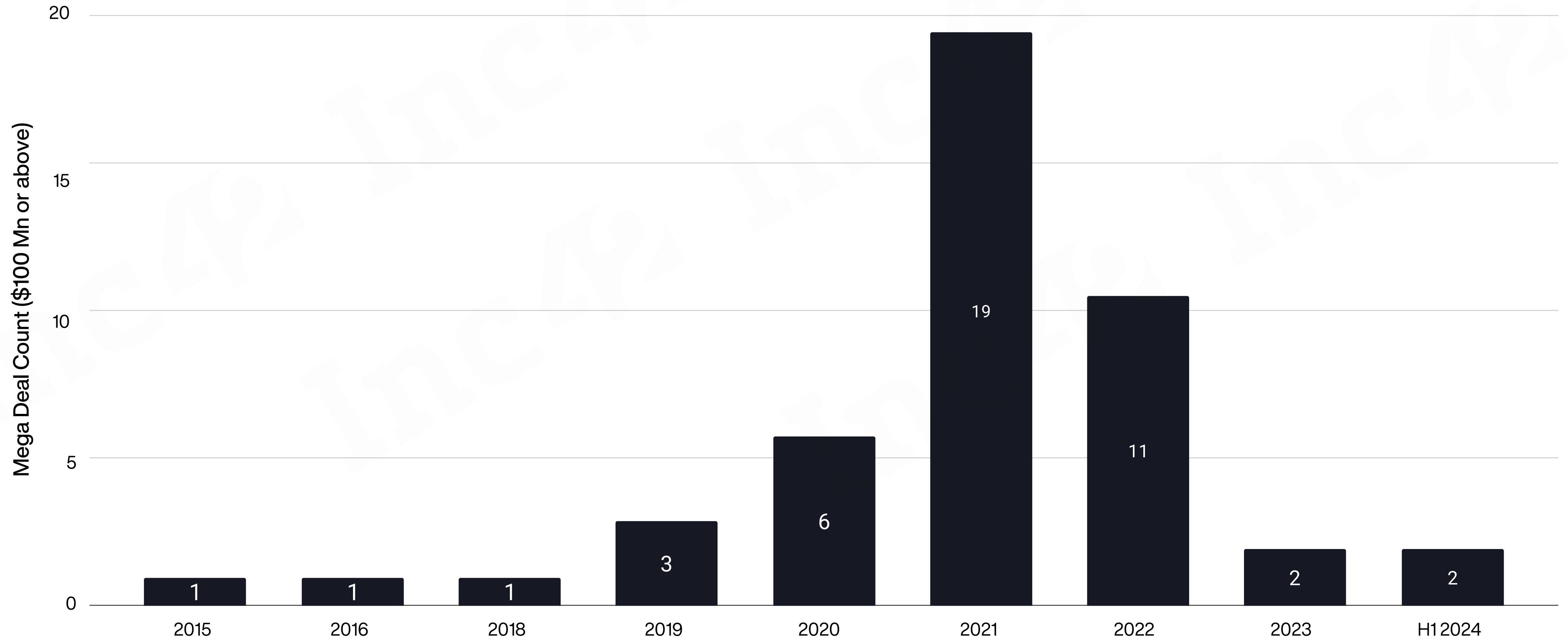


Source: Inc42

Note: Based on Indian startup funding deals recorded between 2014 and H1 2024

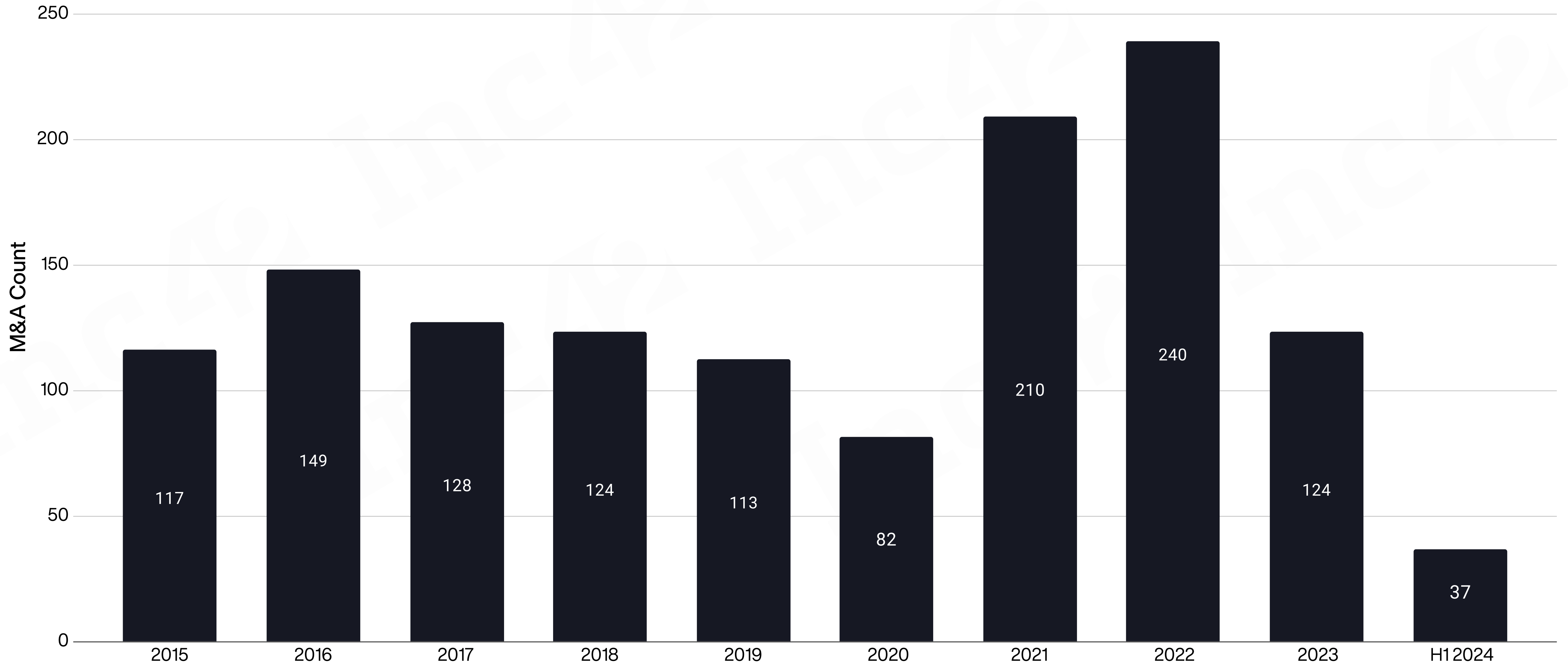
Big Deals Vanish: Mega Deals Dry Up For Indian SaaS Startups

In 2023, significant decline in mega deals among SaaS startups primarily attributed to economic uncertainty and valuation corrections












Source: Inc42

SaaS M&As Dropped: 2023 And H1 2024 Sees Decline After Peak Years









Source: Inc42

Notable Investors Backing Indian SaaS Startup

Organisation Name	Deal Count	Notable Investment
 Accel	88	BrowserStack, Freshworks, Amagi
 AXILOR <small>WHERE INNOVATION MEETS EXECUTION</small>	27	EnKash, SigTuple, Leucine
 BEENEXT	29	M2P Fintech, Zilingo, Toddle
 Better	41	Khatabook, M2P Fintech, Toddle
 BLUME	59	Classplus, Lambda Test, Uolo
 Endiya	27	DarwinBox, Zluri, SigTuple
 kalaari capital	44	Power2SME, vernacular.ai, HealthPlix
 Letsventure	31	vernacular.ai, Dukaan, BankSathi
 NEXUS VENTURE PARTNERS	45	Postman, Druva, Hasura

Source: Inc42

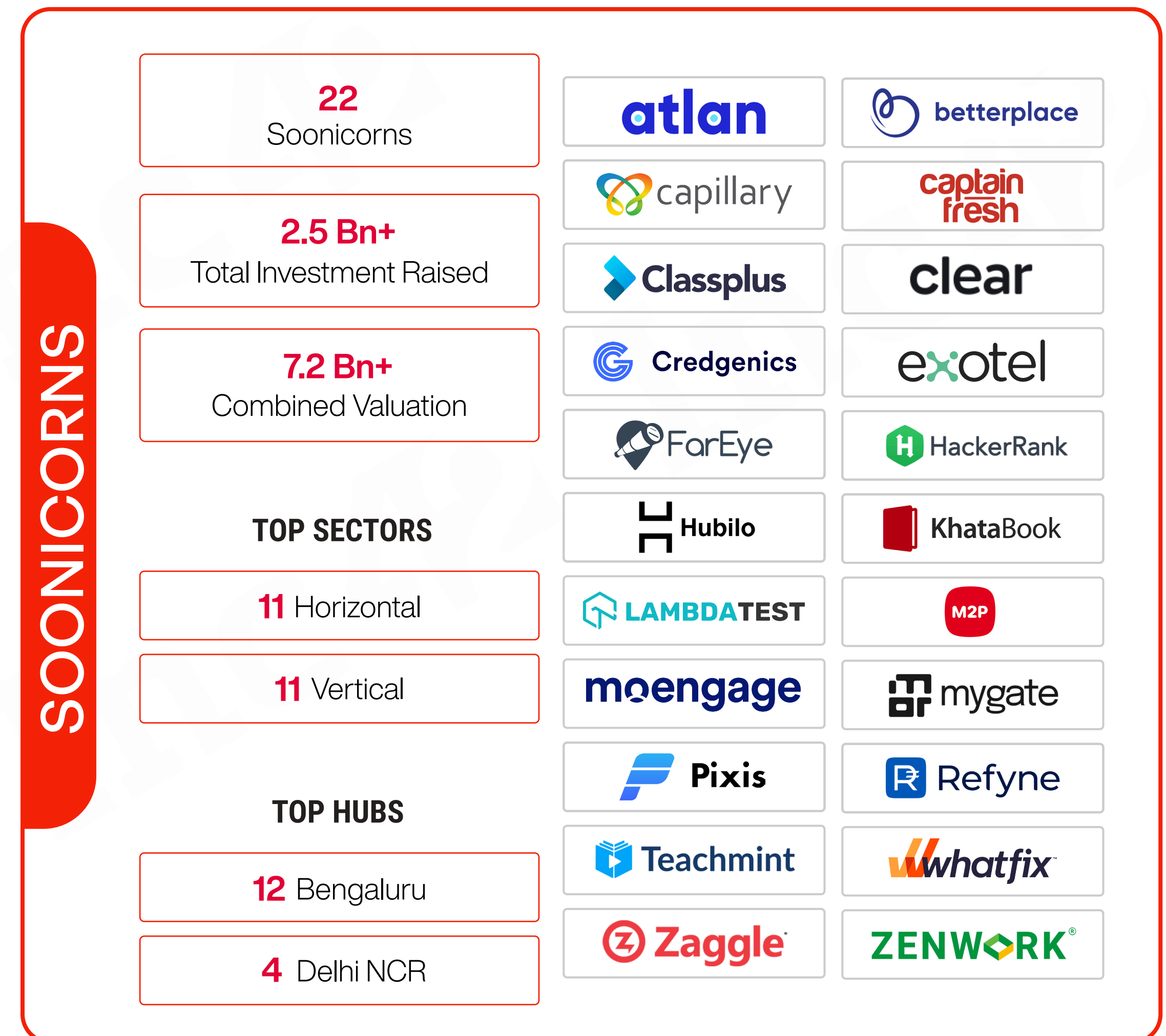
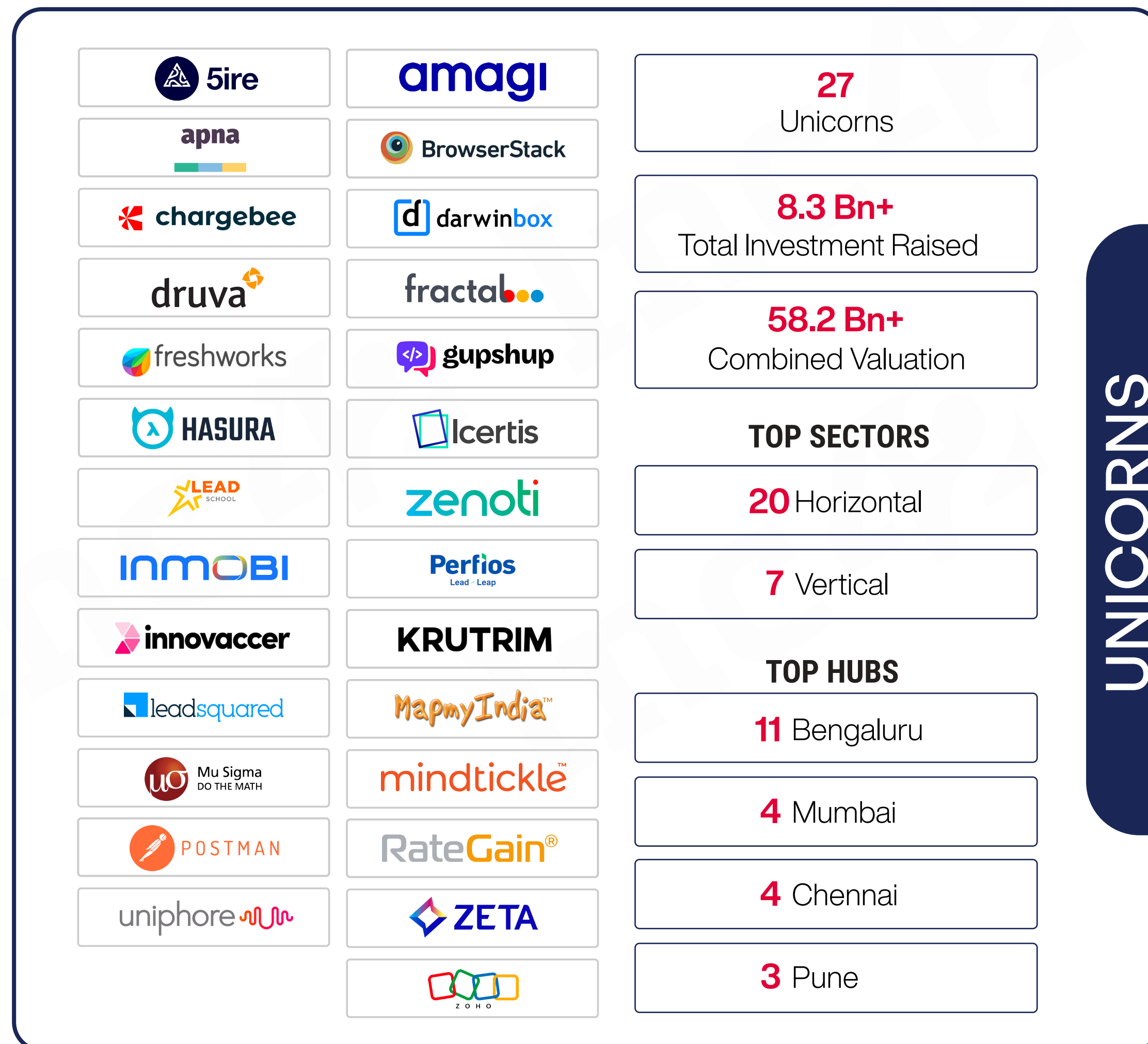
Note: This is neither a comprehensive list nor a ranking of any kind. Investors are listed in alphabetical order, and the deal count reflects publicly reported transactions.

Organisation Name	Deal Count	Notable Investment
 peak xv PARTNERS	92	Polygon, ChargeBee, Freshworks
 TIGERGLOBAL	48	Polygon, ChargeBee, Gupshup
 TITAN CAPITAL	27	LimeChat, Teachmint, Credgenics
 Venture Catalysts++ India's 1 st Multi-Stage VC	27	Assiduous Global, ByteLearn, Instoried
 Y Combinator	39	Clear, Nanonets, OkCredit
 Z47 digital nation building	28	MoEngage, Bijnis, ITILITE

Source: Inc42

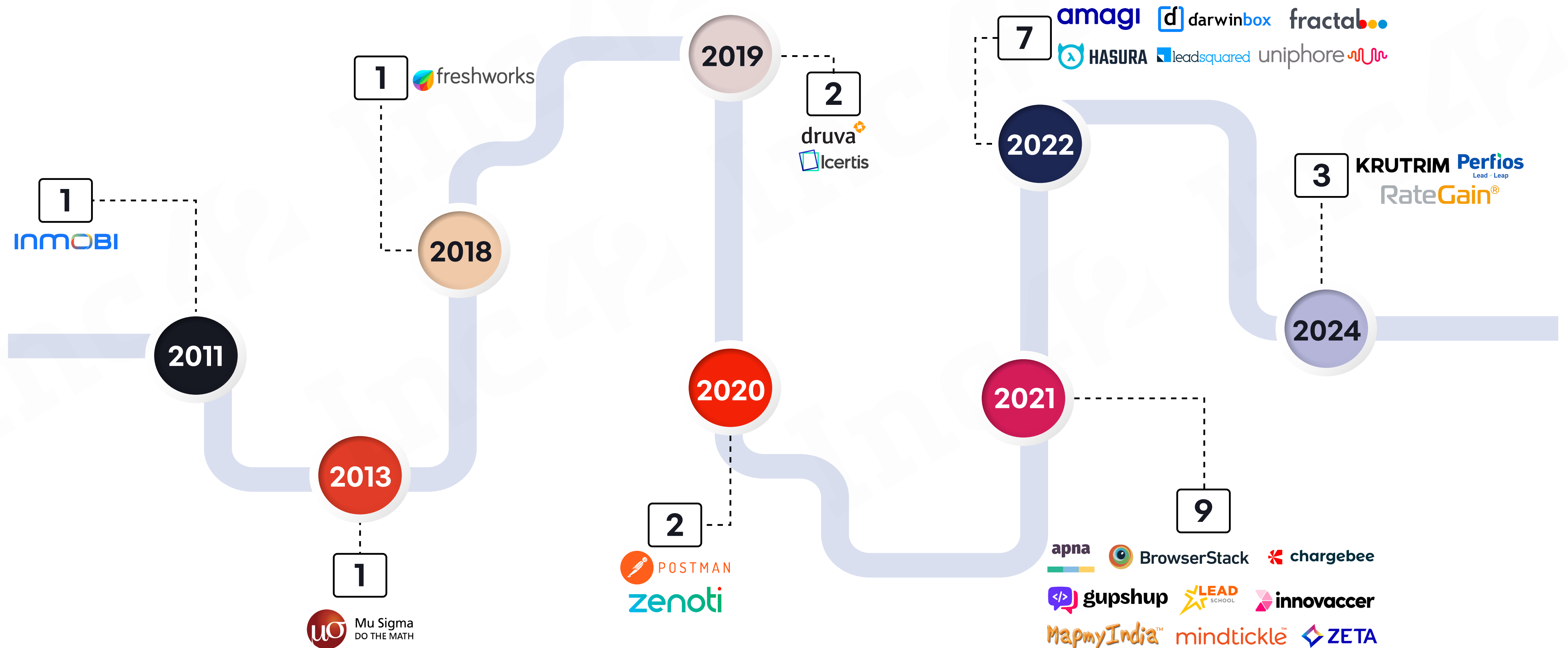
Note: This is neither a comprehensive list nor a ranking of any kind. Investors are listed in alphabetical order, and the deal count reflects publicly reported transactions.

India's SaaS Unicorn & Soonicorns Landscape



Source: Inc42

The Rise Of India's SaaS Unicorns: 2021 Sets Record for Most Indian SaaS Unicorns Created



Source: Inc42

Inside The Financials Of India's SaaS Startups











Key Highlights: Financial Insights From Indian SaaS Startups



Source: Inc42 Analysis

Note: The analysis is based on financials of 20 unicorns | 7 out of 27 unicorns have not filed their FY23 financials.









Financial Performance Of Indian SaaS Unicorns

Startup	Revenue (FY23)	Revenue (FY22)	YoY Change
 BrowserStack	\$78 Mn	\$53 Mn	47%
 fractal INTELLIGENCE FOR IMAGINATION	\$126 Mn	\$84 Mn	50%
 freshworks	\$271 Mn	\$233 Mn	16%
 gupshup	\$203 Mn	\$142 Mn	43%
 PayMate	\$169 Mn	\$151 Mn	12%
 uniphore	\$27 Mn	\$19 Mn	42%
 ZETA	\$102 Mn	\$77 Mn	32%
 Z O H O	\$854 Mn	\$627 Mn	37%

Source: Company Filings, Inc42 Calculations

Note: The conversion rate for INR to USD is 80 | The analysis is based on financials of 20 unicorns | 7 out of 27 unicorns have not filed their FY23 financials.

How Much Indian SaaS Unicorns Spend On Employee Benefits

Startup	Employee Benefit (FY23)	Employee Benefit (FY22)	YoY Change
 BrowserStack	\$49 Mn	\$33 Mn	48%
 fractal INTELLIGENCE FOR IMAGINATION	\$99 Mn	\$64 Mn	55%
 freshworks	\$208 Mn	\$103 Mn	102%
 gupshup	\$27 Mn	\$14 Mn	93%
 PayMate	\$5 Mn	\$6 Mn	-17%
 uniphore	\$15 Mn	\$12 Mn	25%
 ZETA	\$79 Mn	\$64 Mn	23%
 Z O H O	\$281 Mn	\$154 Mn	82%

Source: Company Filings, Inc42 Calculations

Note: (+/- X%) depicts YoY change | Note: The conversion rate for INR to USD is 80 | The analysis is based on financials of 20 unicorns |

7 out of 27 unicorns have not filed their FY23 financials

Indian SaaS Unicorns Made \$3.7 Bn+ In Revenue In FY23

54% jump in total revenue YoY between FY23 to FY22

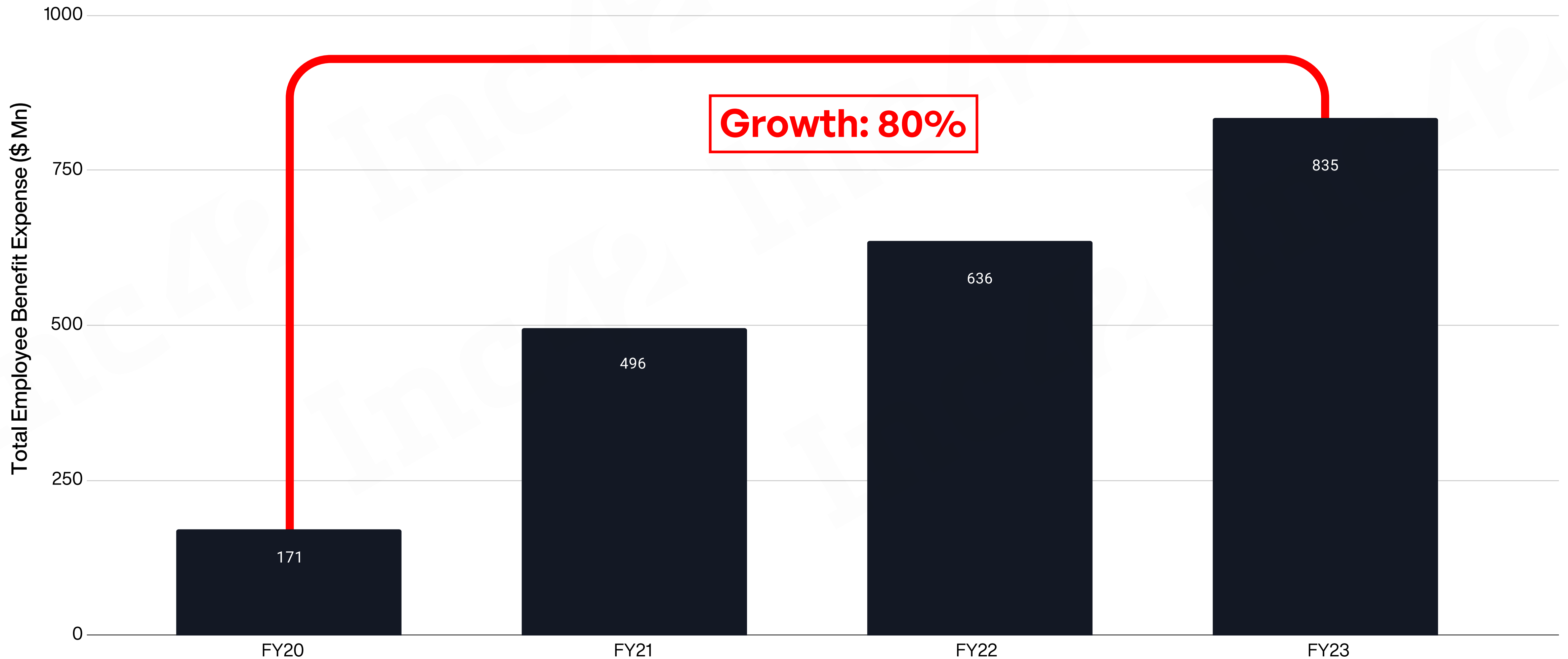


Source: Inc42 Calculations

Note: The conversion rate for INR to USD is 80 | The analysis is based on financials of 20 unicorns | 7 out of 27 unicorns have not filed their FY23 financials

Indian SaaS Unicorns Spent \$835 Mn On Employee Benefits In FY23

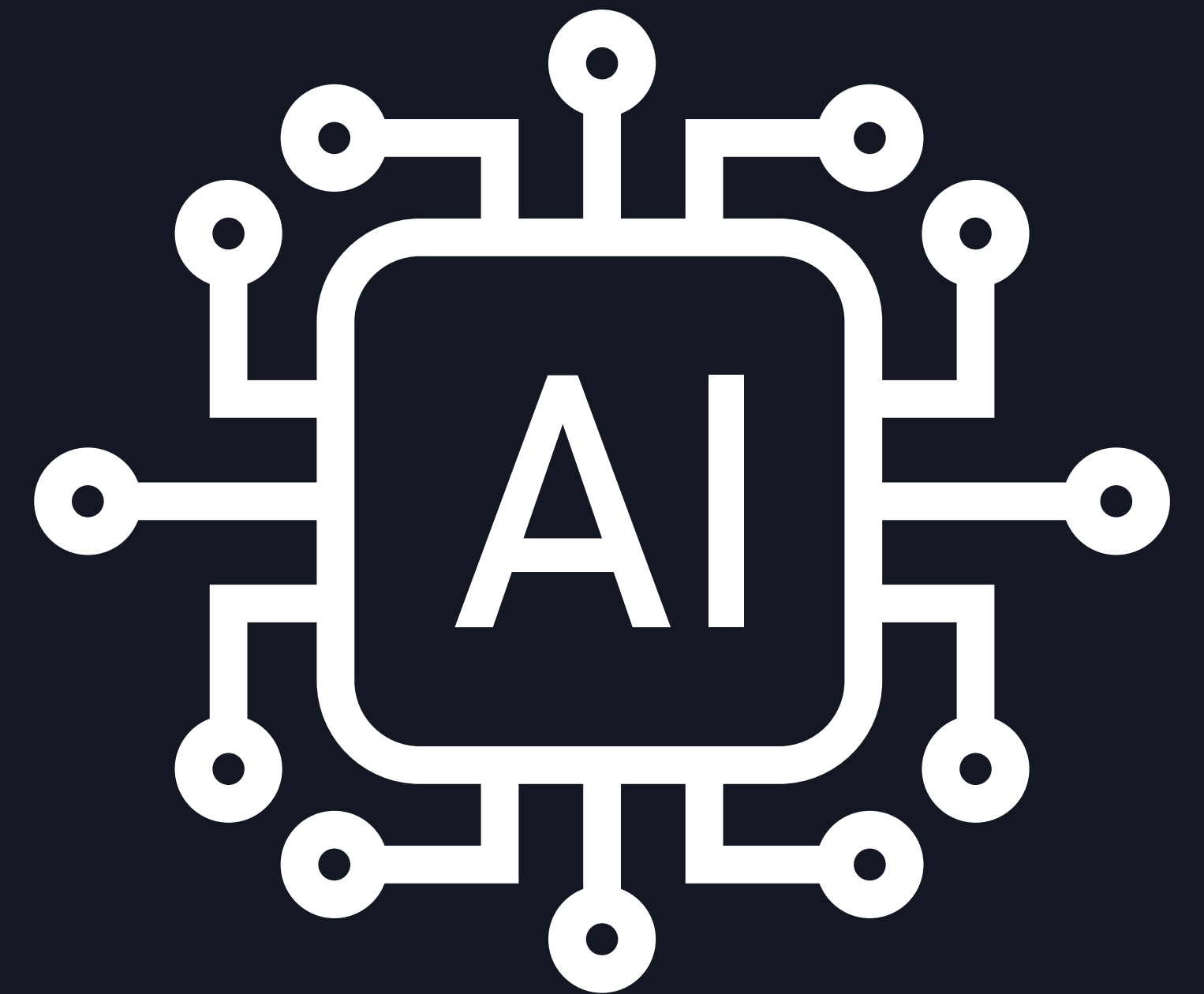
31% jump in total employee benefit expense YoY between FY 23 to FY 22



Source: Inc42 Calculations

Note: The conversion rate for INR to USD is 80 | The analysis is based on financials of 20 unicorns | 7 out of 27 unicorns have not filed their FY23 financials

Infocus: SaaS In An AI-First World



Key Highlights: Role Of AI/GenAI In India's SaaS Ecosystem

\$70 Bn+ SaaS Market Opportunity By 2030

\$17 Bn+ Market Opportunity For GenAI By 2030

85% Indian SaaS Companies Have Adopted AI

1.5K+ AI-Powered SaaS Startups In India

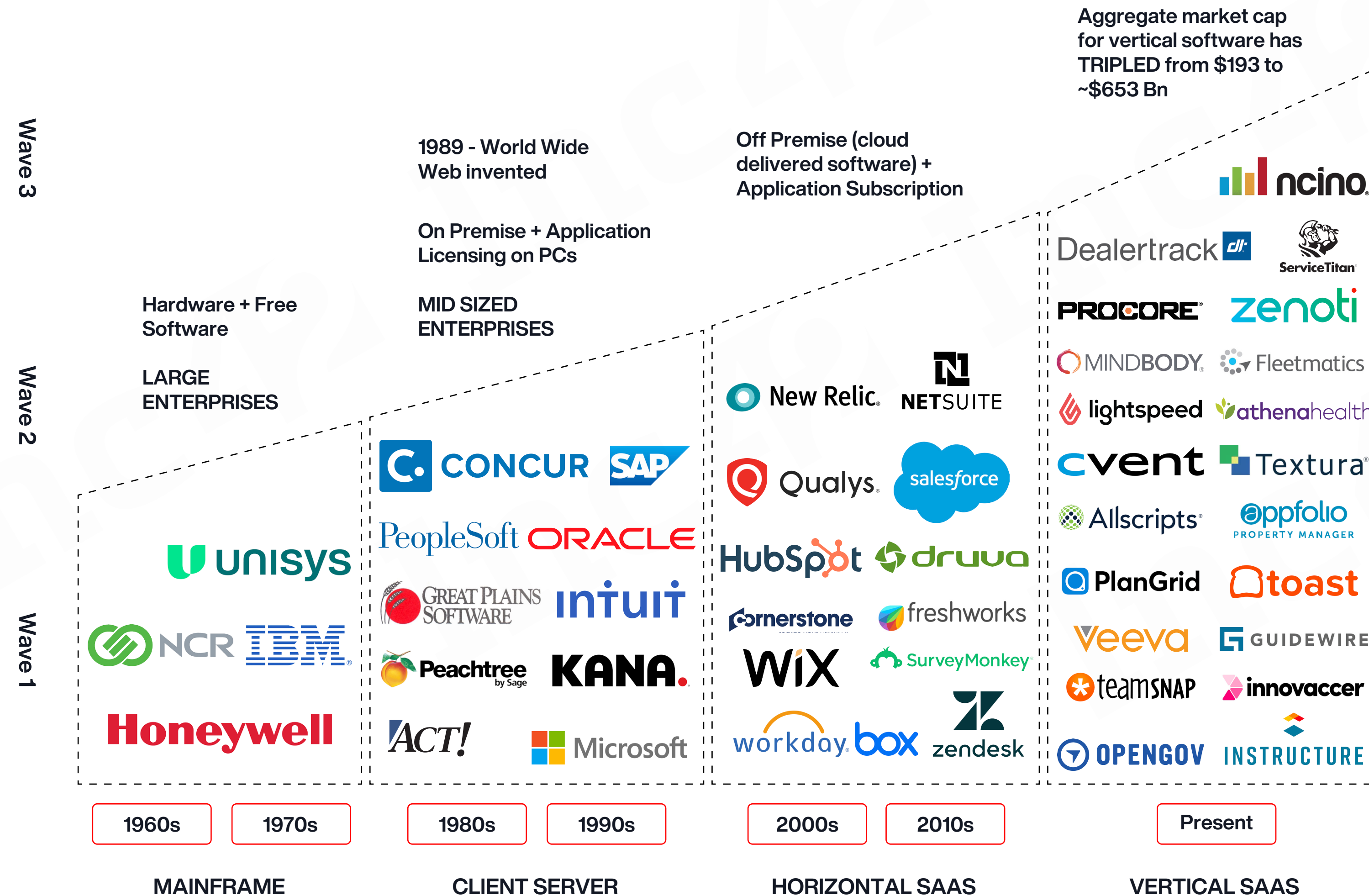
Bengaluru Accounted Highest Number Of AI SaaS Startups

70% of AI SaaS Startups In India Less Than 3 Years Old

Source: Inc42



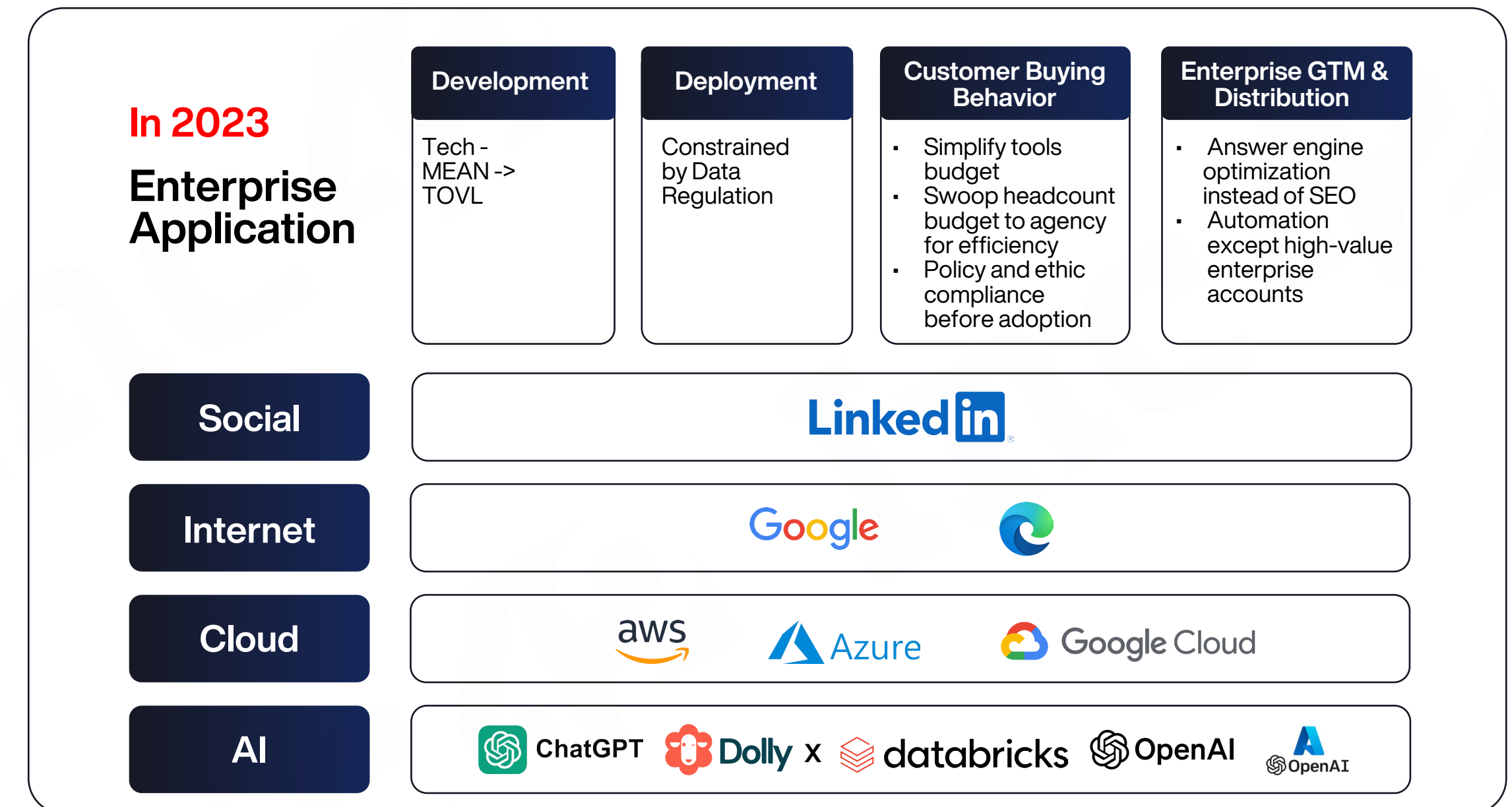
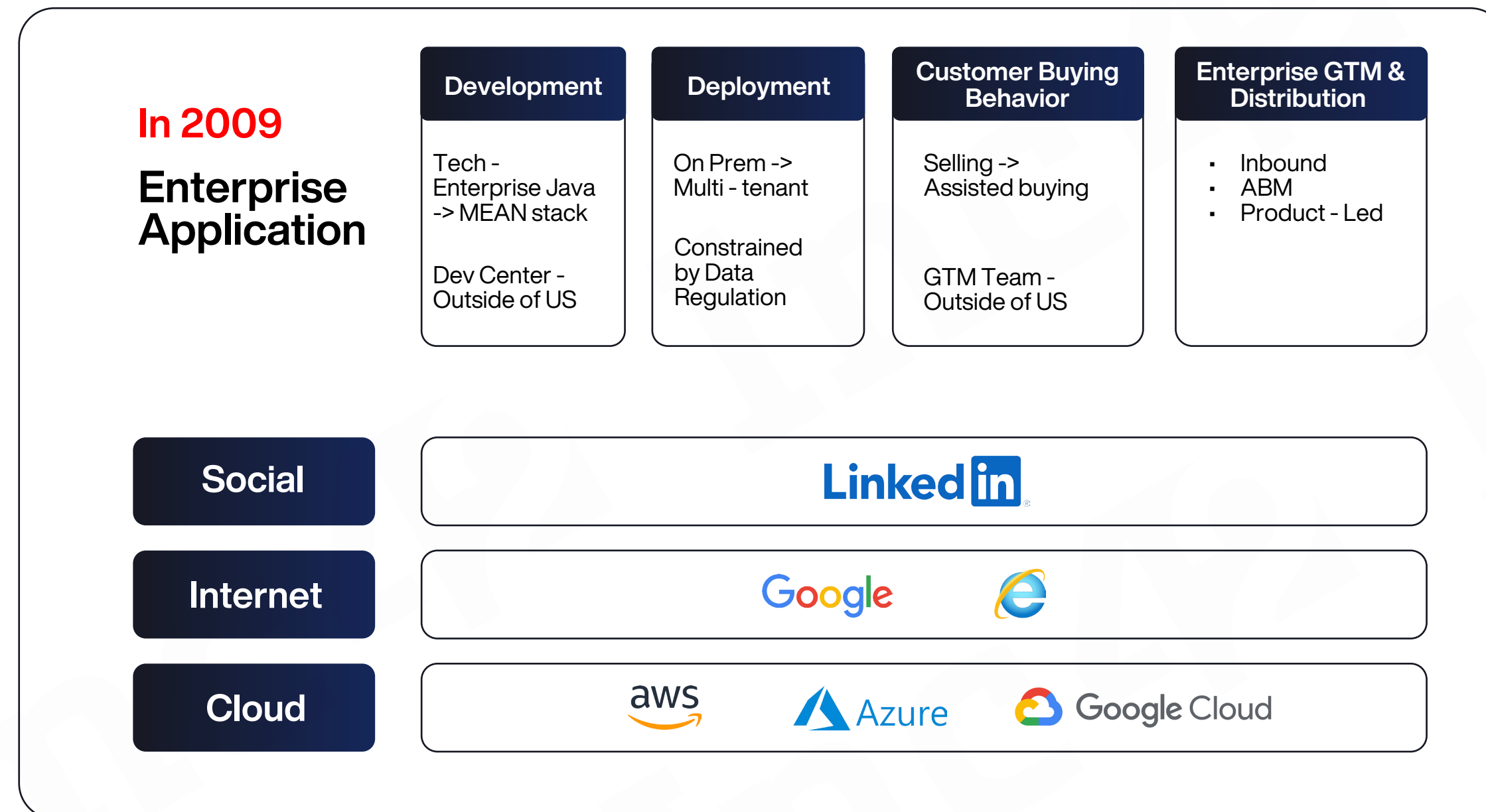
Evolution Of SaaS Ecosystem Around The Globe



- The SaaS industry has evolved significantly over the years. Initially dominated by large enterprises, the advent of the internet in the 1990s enabled mid-sized companies to enter the market, driving innovation and growth.
- Vertical software industry stood at \$50 Bn in 2010 to \$653 Bn in 2023 which is around 13x increase
- This surge in Vertical SaaS startups is expected to continue, indicating a promising future for the industry

Source: Inc42 Analysis, Bessemer Venture Partners
 Note: Both private and public companies have been included in the chart

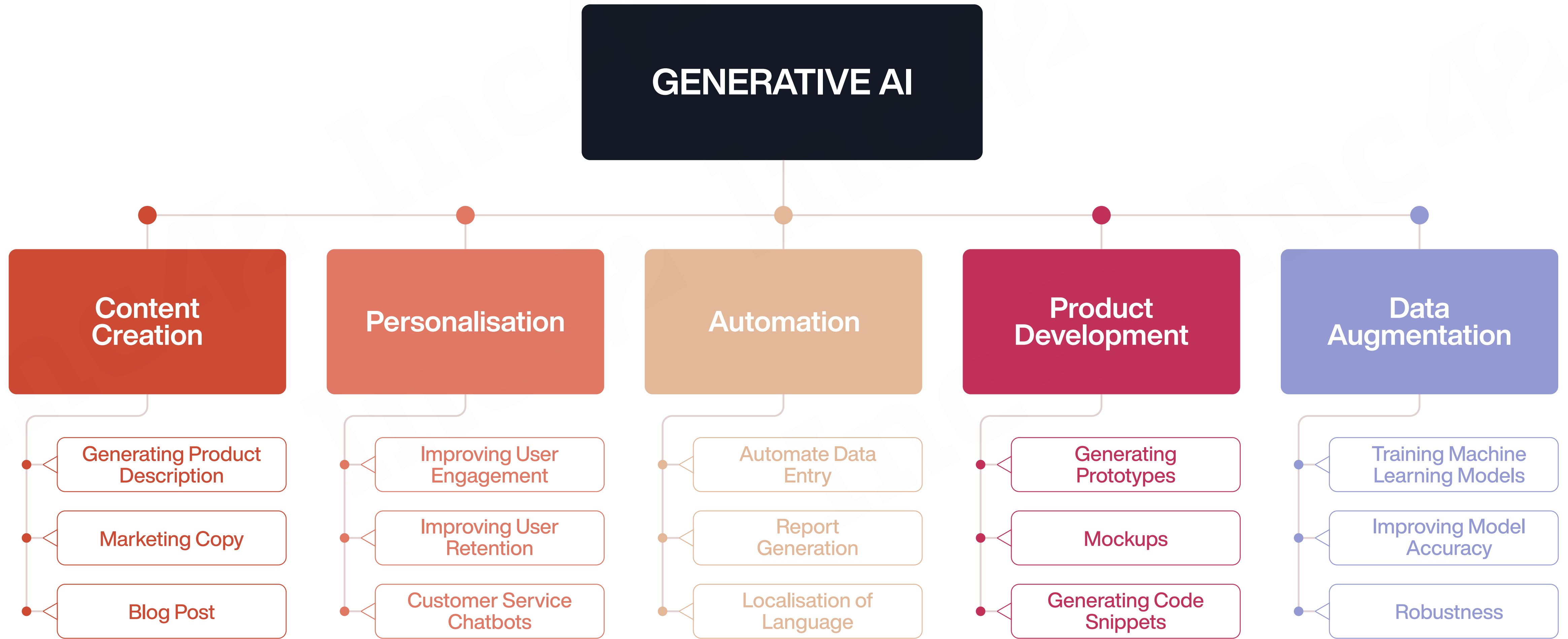
SaaS In An AI World



- The rise of **GenAI is transforming the software industry**, shifting the sales model from direct selling to assisted buying, much like what happened with the emergence of search engines and social media platforms. This shift allows software companies to reach broader audiences, engage customers more effectively, and drive growth.
- For Indian startups, **GenAI is a game-changer**. With new R&D hubs emerging across the country, Indian startups now have the chance to innovate using simplified tech stacks. While established companies may have an edge, the evolving landscape offers Indian startups exciting opportunities to create new applications and streamline enterprise operations.

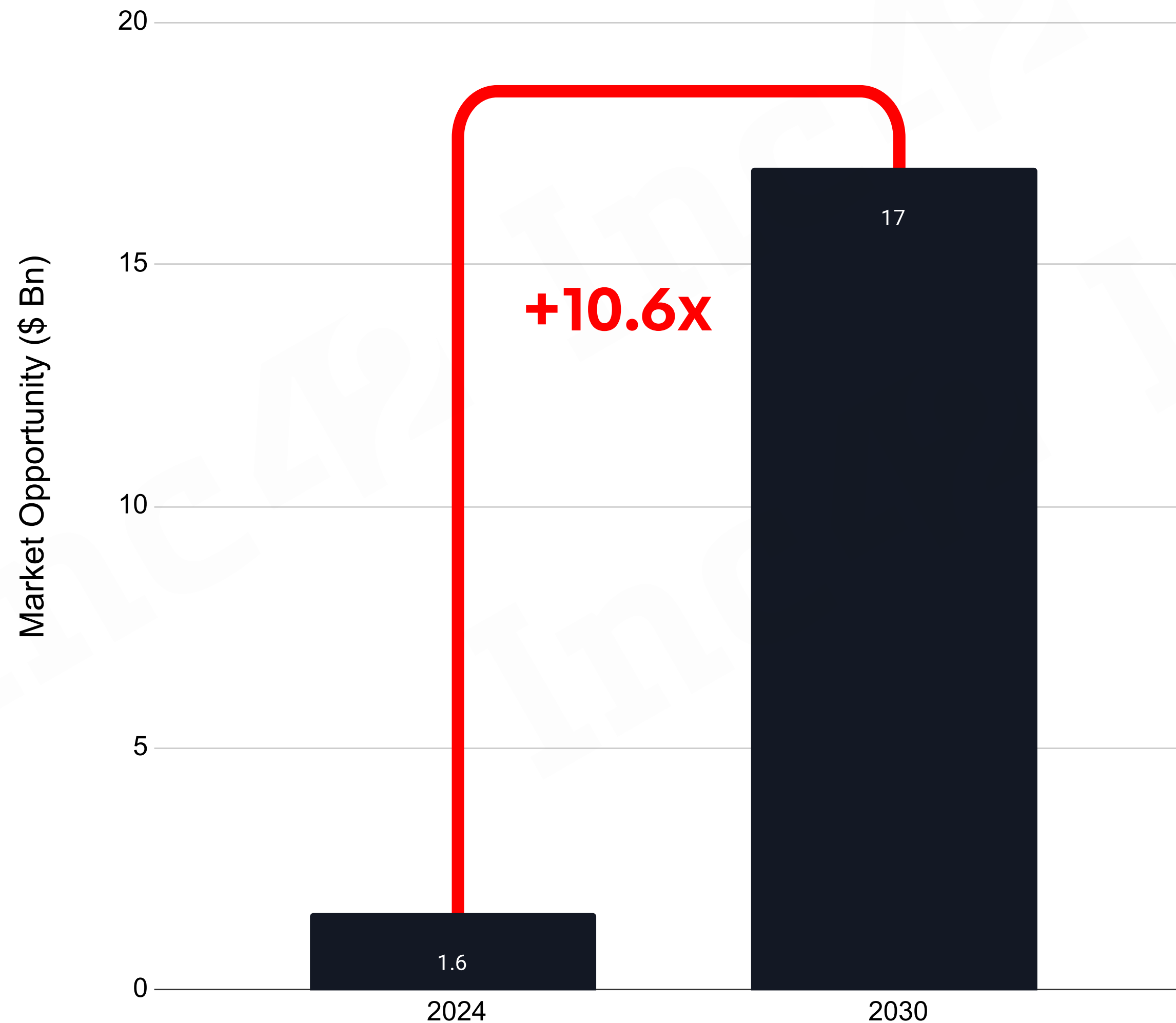
Source: Upekha Report, Inc42 Analysis

GenAI In Action: Disruptive Use Cases In India's SaaS Industry



Source: Inc42 Analysis, Secondary Sources

The Future Of AI in India: A \$17 Bn+ Market Opportunity Awaits



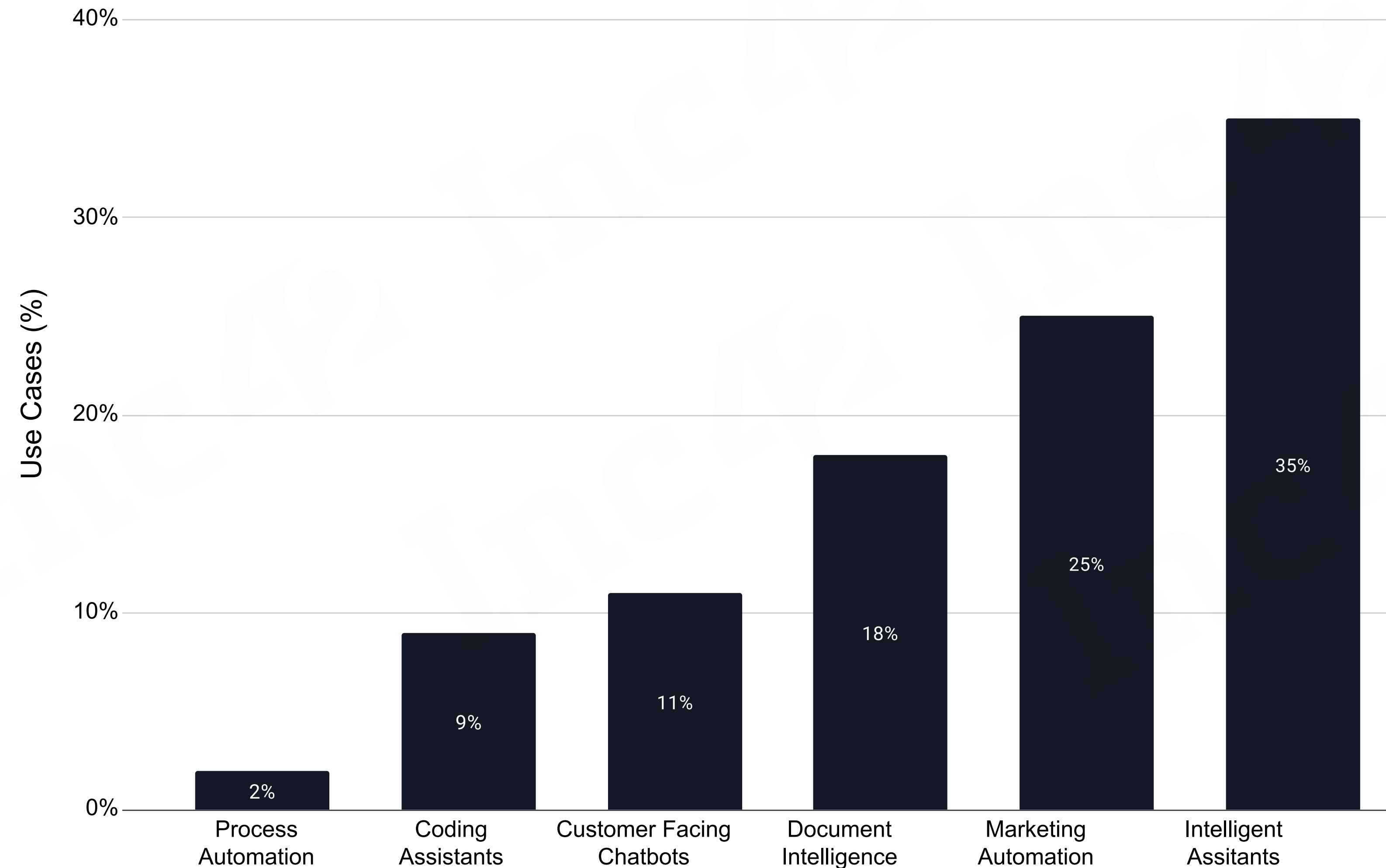
Growing Adoption Of AI-Powered Consumer Devices: The Indian consumer electronics market is experiencing a surge in demand for AI-powered devices, including smart speakers, smart home gadgets, and autonomous vehicles. This upward trend is projected to persist, thereby fueling the demand for AI software and hardware across the Indian market.

Vibrant Startup Ecosystem: India is home to over 338 newly funded AI startups, ranking seventh in the world. The vast majority of startups in India are focused on the use of AI technologies rather than infrastructure. Indian AI startups have raised over \$640 Mn since 2019.

AI Talent Pool: Upskilling for AI is becoming increasingly popular in India. Everyone, from C-level executives to new hires, is becoming more aware of the application of artificial intelligence in their line of work. A recent report also noted that Bengaluru is home to world's second largest AI talent pool.

Source: Inc42 Analysis, Secondary Sources

GenAI Impact: The Top Use Cases Of GenAI That Are Making A Difference



Source: Inc42 Analysis, EY India

In India, companies are gradually adopting GenAI, Estimates indicate that 30-40% of POCs by Global Capability Centers (GCCs) have been implemented in production, compared to 15-20% among domestic enterprises

Around one-third of GenAI use cases are geared towards intelligent assistants, with 25% directed at marketing automation and 20% focused on document intelligence

About 66% of India's top 50 Unicorns already adopted GenAI, highlighting startups proactive approach compared to traditional players

The Rise Of GenAI-Driven SaaS In India: New Categories

**GenAI Cloud
Infrastructure**

**Code
Automation**

**Software Testing
Automation &
Reporting**

**Responsible AI/
Compliance**

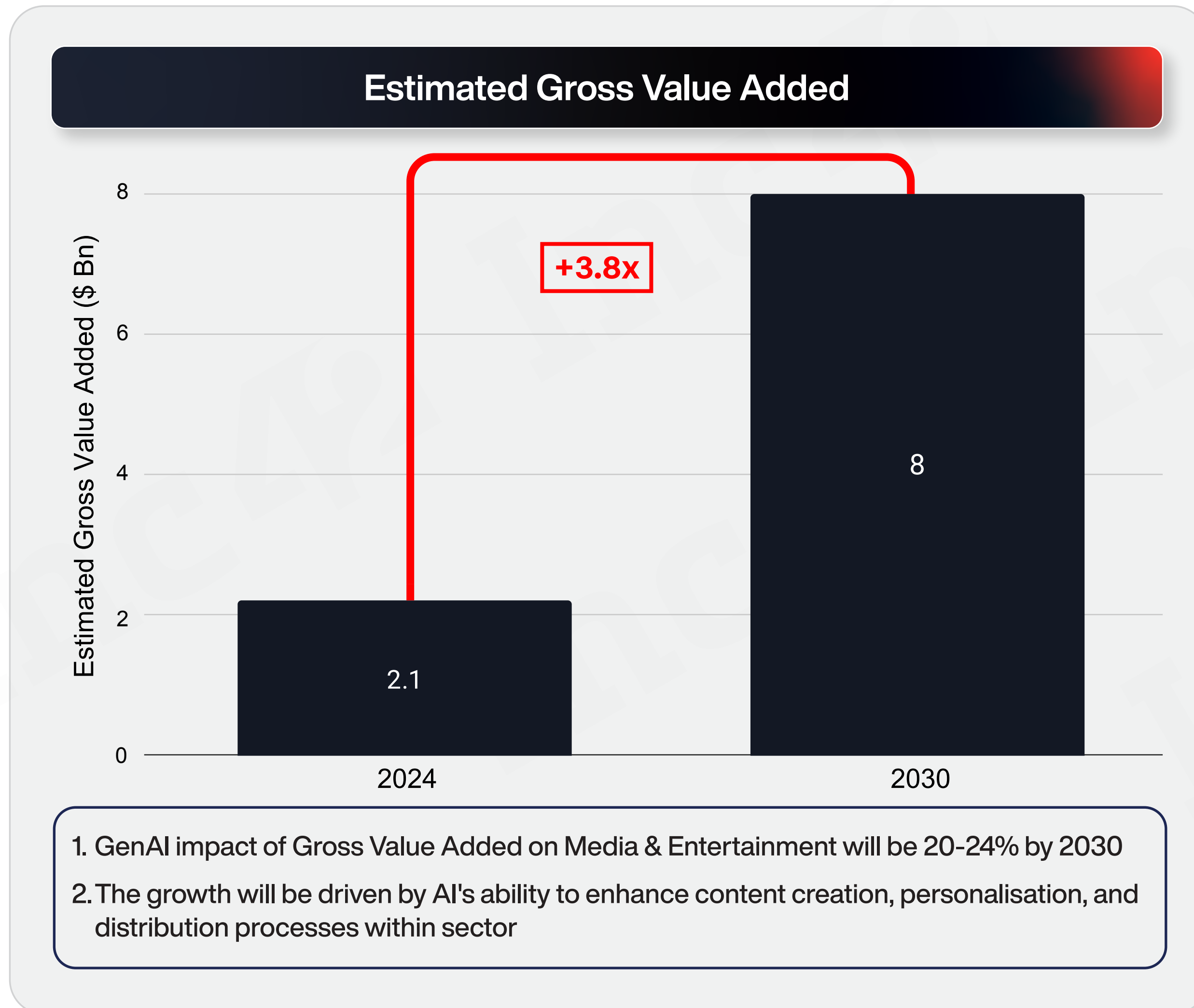
**Vertical Tools &
Software**

**Large Language
Model (LLM)
Operations**

Vertical SaaS is set to become increasingly prominent in Indian SaaS market, as the availability of specialised vertical data will significantly enhance its intelligence and capabilities

More than 80% of BFSI (Banking, Financial Services, and Insurance) companies have already invested in AI or ML solutions over the past two years. Furthermore, 85-90% of these companies are planning to increase their investments in AI/ML technologies over the next two years.

GenAI In Media And Entertainment: Value Creation & Use Cases



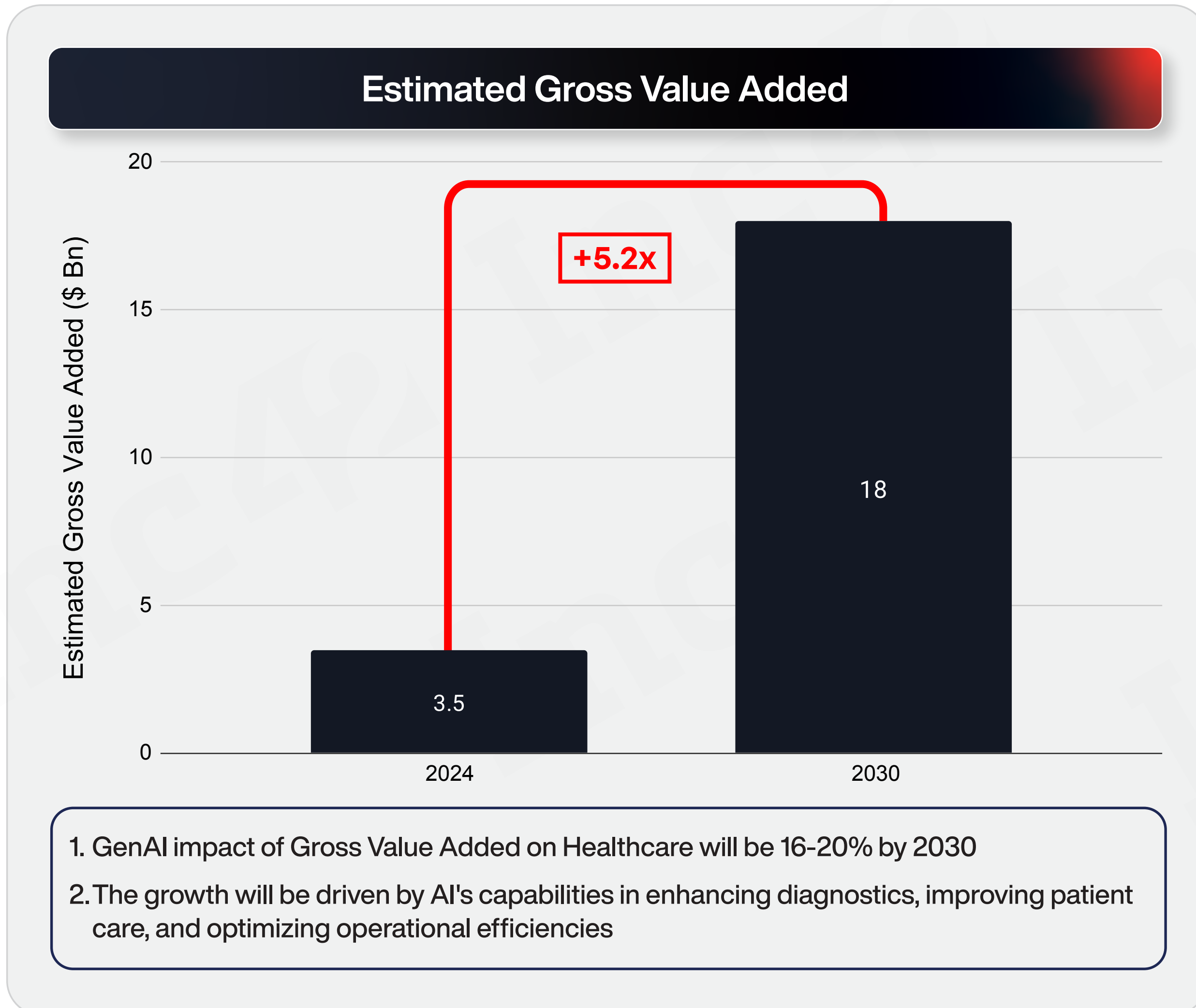
Indian Media & Entertainment Startups Using GenAI

Startup Names	Use Cases
beatoven.ai	AI powered music generation
dubdub.ai	Automates video content
Dübverse	Personalised music stream experience
Rephrase.ai	Hyper-personalised video content
Vitra.ai	Simplify multilingual content

Source: Inc42 Analysis, EY India

Note: The base value of GVA is estimated by reversing the calculation of the sector's GVA for 2030, using the projected growth rate of the sector's market opportunity from 2024 to 2030

GenAI In Healthcare Sector: Value Creation & Use Cases



Indian Healthcare Startups Using GenAI

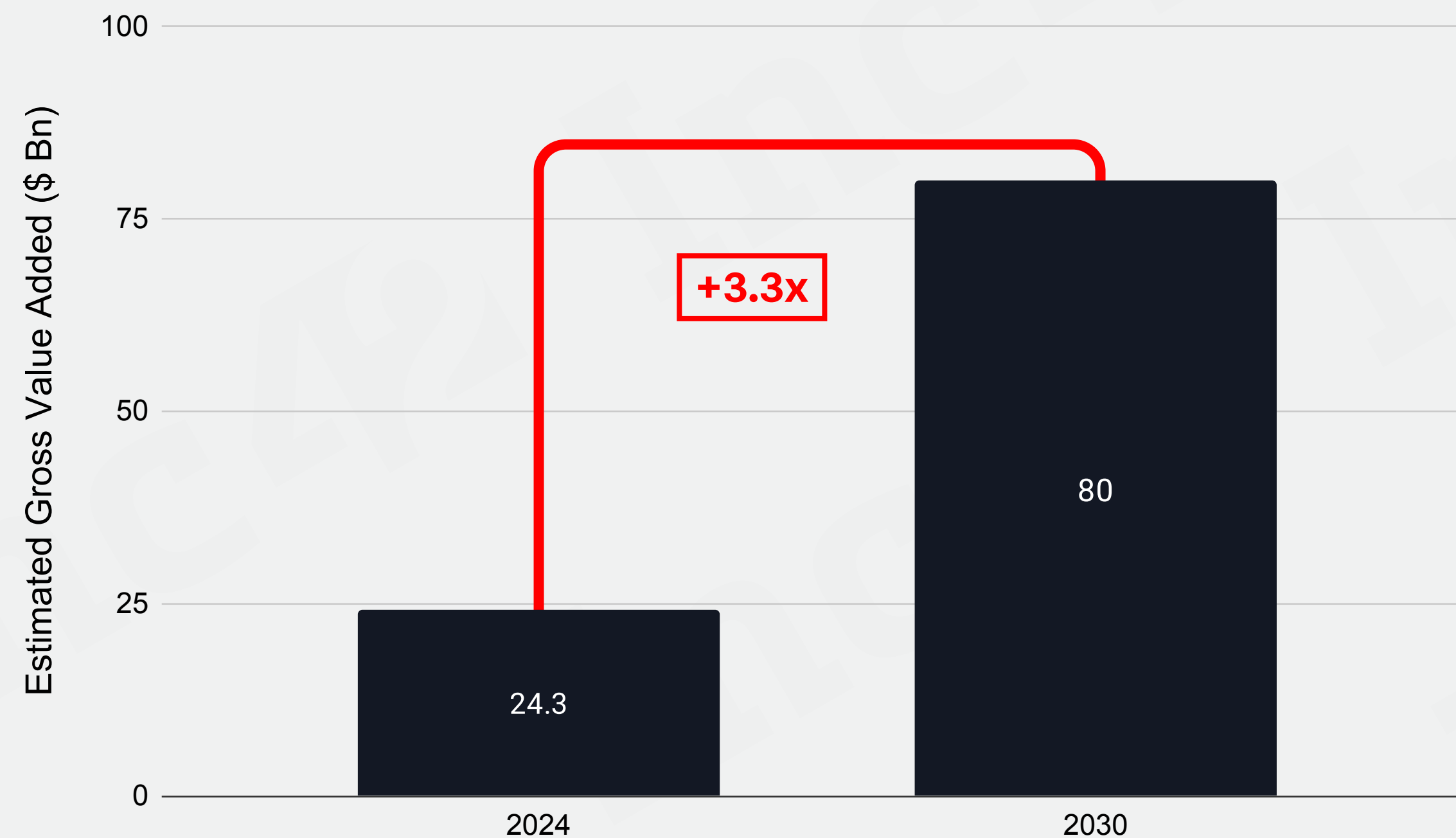
Startup Names	Use Cases
cureskin	Streamlines diagnosis and treatment processes
immunitoAI	Detect immunology-based solutions
RedBrickAI	Automate high-quality datasets
qure.ai	Automate medical imaging
Zini - The Healthcare AI <i>Democratizing healthcare for People</i>	Personalised recommendations and insights

Source: Inc42 Analysis, EY India

Note: The base value of GVA is estimated by reversing the calculation of the sector's GVA for 2030, using the projected growth rate of the sector's market opportunity from 2024 to 2030






GenAI In Financial Services: Value Creation & Use Cases

Estimated Gross Value Added



1. GenAI impact of Gross Value Added on Financial Services will be 22-26% by 2030
2. AI technologies will enhance customer service, automate processes, improve risk management, and provide advanced data analytics in the sector

Indian Financial Startups Using GenAI

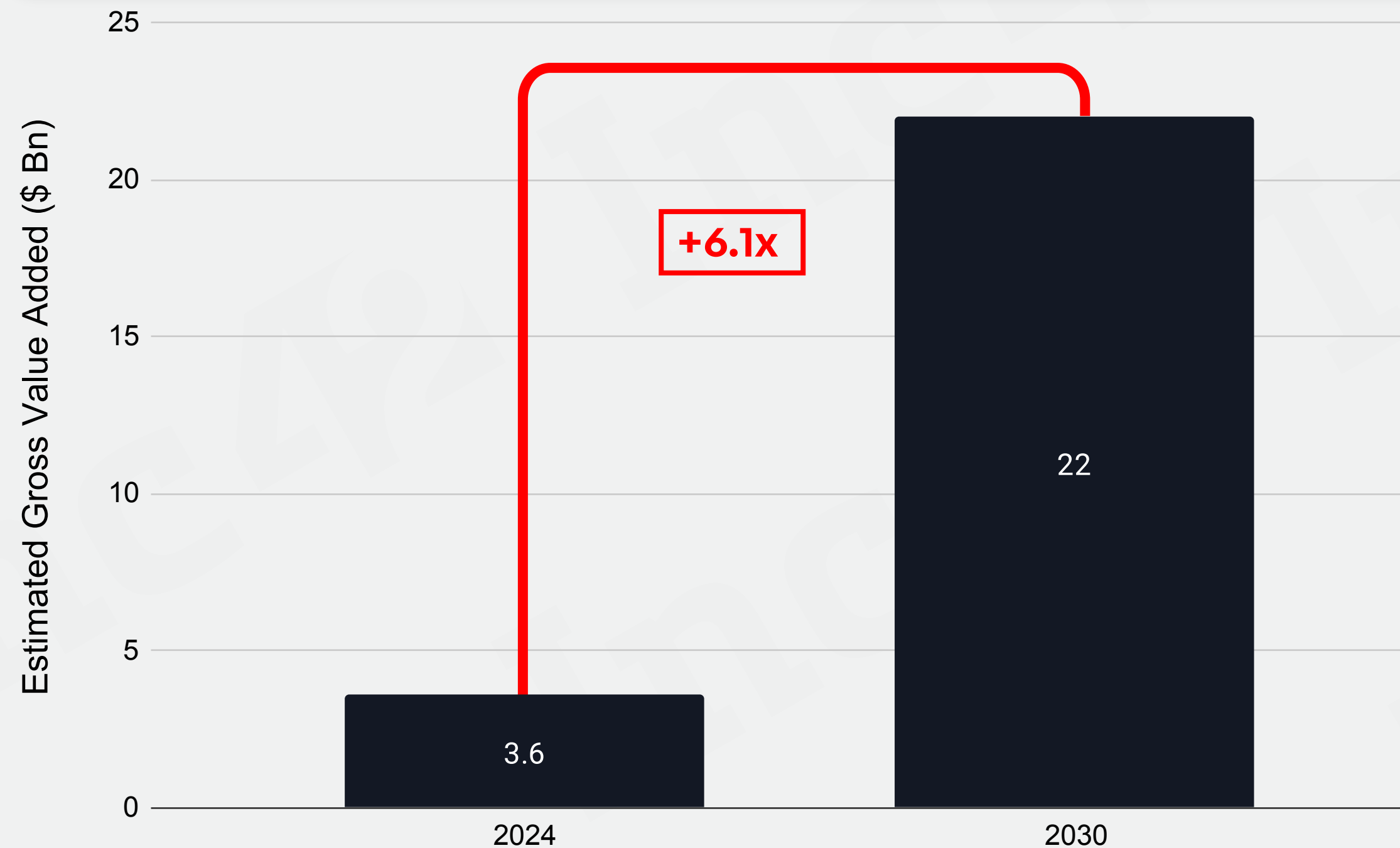
Startup Names	Use Cases
 Arya.ai	New content and models
 Medius	Streamline financial workflows
 nimeya.ai	Improving customer interactions
 OnFinance	Improve complex decision making - NeoGPT
 Prudent ^{AI}	Portfolio Management

Source: Inc42 Analysis, EY India

Note: The base value of GVA is estimated by reversing the calculation of the sector's GVA for 2030, using the projected growth rate of the sector's market opportunity from 2024 to 2030






GenAI In Education: Value Creation & Use Cases

Estimated Gross Value Added



1. GenAI impact of Gross Value Added on edtech sector will be 8-9% by 2030
2. It will enhance automate administrative tasks, and provide advanced analytics for educational outcomes

Indian Edtech Startups Using GenAI

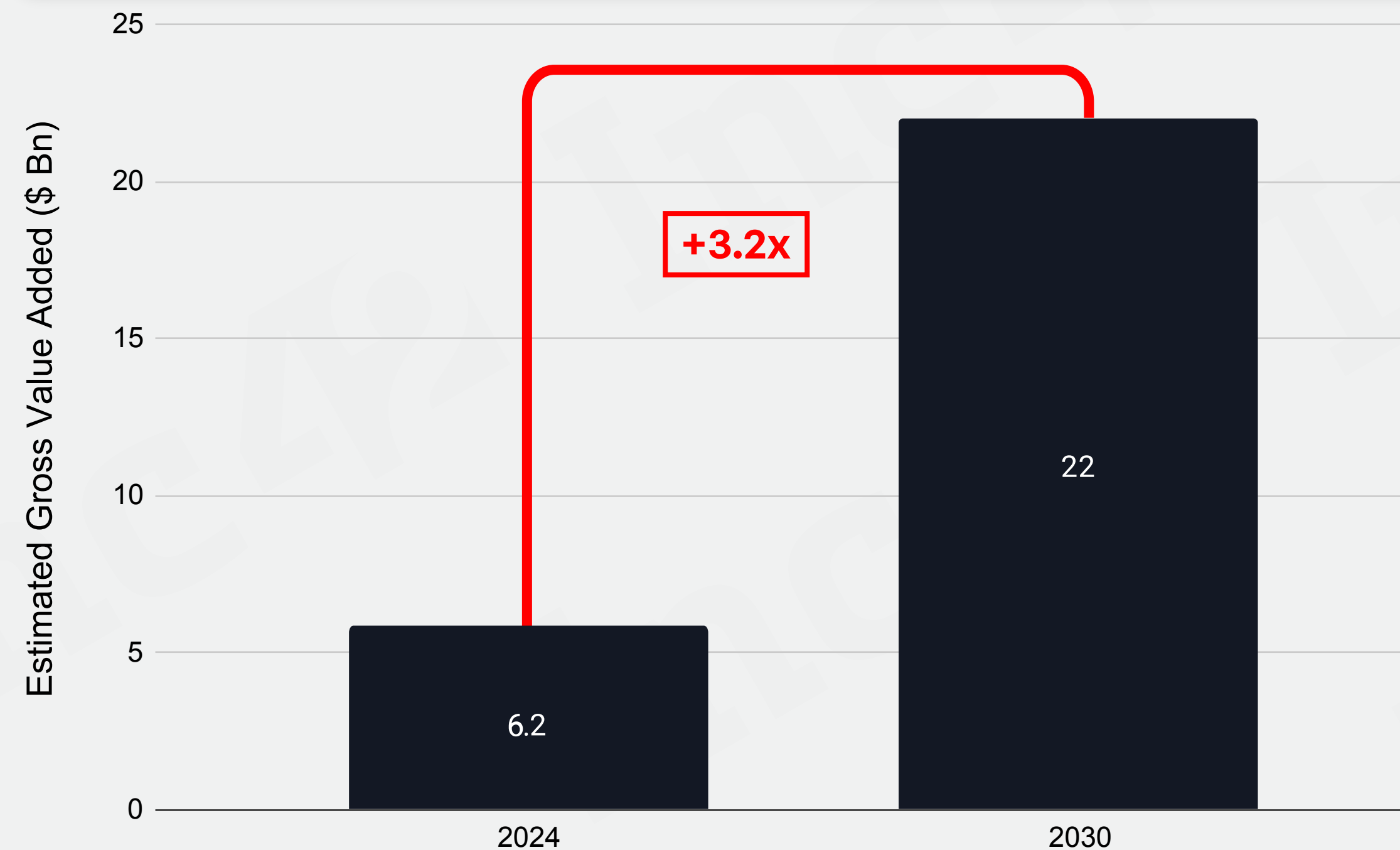
Startup Names	Use Cases
 Bodhi AI	Enhance learning experience
 MethdAI	Provide AI learning pathways
 Parent of	Personalised developmental assessments
 SuperKalam	Generating daily study schedules
 Vedantu	Customised learning materials

Source: Inc42 Analysis, EY India

Note: The base value of GVA is estimated by reversing the calculation of the sector's GVA for 2030, using the projected growth rate of the sector's market opportunity from 2024 to 2030






GenAI In Ecommerce & Retail: Value Creation & Use Cases

Estimated Gross Value Added



1. GenAI impact of Gross Value Added on Ecommerce/Retail sector will be 5-6% by 2030
2. AI technologies will enhance optimise supply chains and provide personalised shopping recommendations

Indian Ecommerce/Retail Startups Using GenAI

Startup Names	Use Cases
 boxx.ai A.I. FOR E-COMMERCE	Personalised product recommendation
 IMPACT ANALYTICS	Leverages for demand forecasting
 NeuroPixel.AI	Data driven decisions
 ORBO	Provides hyper-personalised beauty recommendations
 zapero_	Generate unique designs based input

Source: Inc42 Analysis, EY India

Note: The base value of GVA is estimated by reversing the calculation of the sector's GVA for 2030, using the projected growth rate of the sector's market opportunity from 2024 to 2030

The Barriers To GenAI Adoption In India



Source: Inc42 Analysis

Five Key Growth Drivers Of GenAI Adoption In SaaS



Source: Inc42 Analysis

Methodology

Since 2015, Inc42 has been go to source for identifying Indian startups transforming industries and shaping society.

“Decoding India’s SaaS Ecosystem 2024” represents the Inc42 team’s endeavor to chart and comprehend the evolution of the Indian startup revolution from 2014 to the present day.

For this reports:

- Overall data in this report is from June 2014 to the present day, unless mentioned otherwise
- Seed stage: Startup at angel or seed stage
- Growth stage: Startups at Series A and B funding stage
- Late stage: Startups at Series C or above funding stage
- Unicorn refers to any digital / tech company valued at or above \$1 Bn or have touched this valuation once in their business lifecycle.
- A soonicorn is any public or private digital/tech company valued at or above \$200 Mn.
- Market size is calculated on the basis of total revenue generated by Horizontal and Vertical SaaS and highlighting the opportunities in both domestic and international market
- Our database enrichments and corrections are done on a regular basis, therefore slight variations in funding-related data compared to previously released reports may exist
- Calculating total number of Unicorn and Soonicorn startups based on total funding raised and their combined valuation
- This report employed a mixed-methods approach to investigate the relationship between GenAI use in SaaS companies and growth in this segment.
- Indian SaaS startups are likely to invest more in AI research and development, the importance of data quality and management is likely to grow, as high-quality data is essential for training and deploying AI models.



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