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## **Bharat Goenka, Tally Solutions: "We've succeeded because, from day one, we knew that we were going to be a product company."**



It wouldn't be an overstatement to say that Bharat Goenka is a man who has, almost single-handedly, changed the way businesses are managed in India. After all, he is the the co-founder and Managing Director of Tally Solutions, one of India's biggest success stories in the product technology space. Today, Tally's products are ubiquitous, their technology has enabled a number of small and medium enterprises (SMEs) and Bharat is the glowing face of this revolution. The following is an edited excerpt from a talk that he delivered on the opening day of Startup Weekend Bangalore (click [here](#) to know more about Startup Weekend).

### **On successfully making money v/s making a success**

Let's say you're a tech startup and you have 200 customers. Now, it is likely that offering these 200 customers additional services might earn you more money in the short term. You'll successfully make money. But this will stop you from going after your next 20,000 customers. And that's exactly what you need to do to make your company a massive success. In the process, you might end up making money as well. So, money will be included when you chase success. But it doesn't always work the other way around.

### **On what Tally would have done differently if they had the chance**

There was this time when we went from 80 employees to 800 employees in just one quarter. I wouldn't do that ever again, as it took us more than three and a half years to recover from that.

### **On the wisest thing that Tally had done**

In my opinion, the one wise thing that we did was that we were very clear about being a product company from day one. From the beginning, we created a framework for ourselves where we sold products and gave additional services for free. Now, this forced us to focus on selling Tally licenses, as we weren't making any revenue from the services. And we also had to cover the costs incurred in providing those services.

After the first two years, we were breaking even at Tally. But we weren't making any extra money. We could have sold services and made a quick buck out of that. But we were chasing success on the product path. So, we literally pushed ourselves into staying a product company and that's why, I think, we're successful today.

### **On the issue of piracy**

It's important to understand that piracy is neither a morality issue nor an affordability problem. 25 years ago, there were three places in a city like Bombay where one could buy film music. So, it was standard practice to buy empty cassettes and get selected songs recorded on it. But today, you can buy film music practically anywhere. Even truck drivers buy original music these days. And the one man who changed it all was Gulshan Kumar of T-Series. He realized (and rightly so) that it was an access problem.

Likewise, people are willing to pay for software. But they do not know how to pay for it or even where to pay for it. We're very clear that if the customer knows where to buy our product and procuring it is not a pain, we won't have to worry about piracy.

### **On social entrepreneurship**

The thing about social entrepreneurship is that you can't make headway by simply throwing money. You need to ignite a great deal of passion in people so that they feel charged to work towards a particular cause.

### **On the size of the market for Tally**

We're looking at capturing the market of 8 million SMEs. We haven't even hit 1 million yet. So, there's a long way to go. The good thing about setting a target that big is that we compete with everyone and no one competes with us. If another company is going after 10,000 SMEs, then those 10,000 are also within our ambit. Also, it's important to note that the biggest successes have been those where needs have been created. Before the telecom revolution took off, there was a view that the common did not require a mobile phone. But all that's changed, isn't it?

### **On why Tally isn't worried about competition**

At the risk of sounding arrogant, let me tell you that Tally won't have any serious competition in the immediate future. And I'll tell you why as well. At Tally, we've created all the solutions that we require indigenously, right from memory management to the UI. Our research division is extremely strong. People might find this to be foolish, especially when many such solutions are can be bought off-the-shelf. But you tell me, which memory management solution is capable of recovering in seconds when there's a massive power fluctuation followed by a power outage? But power cuts are a commonplace occurrence in the locations that we operate and we've built our systems keeping those things in mind. Now, that's not easy to replicate.

### **On how capturing every transaction leads to economic growth**

This is something that's not mentioned too often. But a bulk of the economic growth is coming in due to the black economy turning 'white'. There's tremendous growth in the rate at which all the transaction data is being captured. But it's not enough for all of us to feel the difference just yet. So, it's simply a matter of time.

We at YourStory doff our hat in salute to Bharat and Tally. It is common knowledge that Tally's success story has inspired a whole new generation of entrepreneurs and we're hoping that their approach and achievements will provide the much-needed reference point and impetus for product tech startups. So, do let us know what you think of this story. You can write to us at [feedback@yourstory.in](mailto:feedback@yourstory.in).

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