CASE STUDY

Structural Challenges Faced by AI Startups in India

Founder-Level Insights on Scale, Commercialisation and Ecosystem Bottlenecks

QUANTIVE

AI Startups in India: The Challenge and Our Approach

A founder-level study by Quantive Advisory LLP

1. THE CHALLENGE

India's AI startup ecosystem is expanding rapidly, but many founders struggle to convert promising products and pilot projects into sustainable, revenue-generating businesses.

Pan-India mixed-methods study

60 AI startup founders

Pan-India Coverage

COVERING KEY AI STARTUP SECTORS

- Fintech
- Healthtech
- Enterprise Software
- Logistics
- Retail
- Public-Sector Solutions

2. OUR APPROACH

1. Structured Founder Survey →
2. Qualitative Interactions →
3. Challenge Severity Index

A proprietary analytical framework used to assess the intensity of founder-level constraints.

3. EIGHT CONSTRAINT AREAS

- Compute Infrastructure
- Data
- Talent
- Funding
- Regulation
- Market Readiness
- Scaling Barriers
- Ecosystem Support

AI Startups in India: Key Findings

Founder-level evidence on the gap between innovation and commercial scale

1. THE GAP BETWEEN INNOVATION AND SCALE

82%
Founders had launched an AI-enabled product or pilot

88%
Were not yet generating revenue from AI solutions

97%
Had raised external funding

The ecosystem shows strong technical activity and investor interest, but weak revenue conversion.

2. HIGHEST-SEVERITY CONSTRAINTS

Talent Constraints	92
Compute Infrastructure	88
Data Access	85
Regulatory Uncertainty	84

Challenge Severity Index (CSI)

3. THE PILOT TRAP

Pilot / Proof of Concept → Long-term Contract / Scale

Many startups remain caught in a 'pilot trap,' where successful proofs of concept do not convert into long-term commercial contracts.

4. WHAT THE STUDY CONCLUDES

AI startup challenges are **structural** rather than firm-specific and require coordinated action across infrastructure, finance, talent, regulation, procurement and market development.

Sample size = 60

QUANTIVE ADVISORY LLP

Evidence-based research and advisory

How Quantive Can Help AI Startups

Support across the innovation-to-scale journey

01	**Strategy & Market Insights**	Market and sector opportunity assessments Customer and enterprise-readiness research
02	**Regulation & Policy**	Regulatory and compliance analysis Policy and government engagement
03	**Commercialisation & Growth**	Investor-facing research and pitch support Pricing, commercialisation and go-to-market strategy
04	**Scale-Up Support**	Pilot evaluation and scale-up planning Stakeholder surveys and user research
05	**Responsible AI & Partnerships**	Responsible AI, data-governance and risk frameworks Partnerships with industry, government and ecosystem institutions

Quantive helps AI startups move from experimentation to commercially viable, compliant and scalable businesses.

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