



Stanford eCorner

Benefits of Stealth Mode

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Video URL: <http://ecorner.stanford.edu/videos/2498/Benefits-of-Stealth-Mode>

Hara CEO Amit Chatterjee sees the fertile breeding ground for his venture at the intersection of info-tech and green tech. Even with a solid idea and a unique concept, his company decided to quietly accept venture capital and gain market traction in stealth mode for the first 18 months. The benefit of this concept, says Chatterjee, is that it kept the company focused on product development, rather than marketing and posturing.



Transcript

There's an opportunity to take infotech and greentech together and really transform a new end-to-end business process for companies. And so we started down that stream of basically saying, "\$30 billion of alternative energy technology that are being created, there's no one at Coca-Cola, News Corporation, or Safeway that knows how to consume that technology." If I walked up to you and I said, "Here's some biodiesel," and you've never procured biodiesel before, you don't know what to do with it, right? So there's an opportunity for us to actually start to say, "We'll help become the consumer reports of alternative energy technology and drive that into the Fortune 5000." So Hara did that and we actually stayed in very much a stealth mode for the first time that we got money. And what we did was we never done that differently. That was a new thing to do, which is "be quiet". When you build a company sometimes the first thing you want to do is tell all your friends what you're doing, tell anybody who's willing to listen that you're going to be great, right? We chose the opposite tact. We chose to actually build something that was great and then let the world find out about it. And that was very important because it kept us focused. So the first eighteen months, the company was dead silent. People had heard of this company called Cloro, which was our stealth name. We'd go around to different greentech meetings, listen to them, talk about stuff, understand things, and walk away.

And then at night - myself, one of my co-founders Udo Waibel and the other co-founder Volker Enders - would sit around and say, "OK, what does this mean to the product that we have? How do we deliver value and continue to iterate on the product like that?" We eventually triggered that into something that we could build. And the City of Palo Alto, one of our first customers, we showed it to them and they said, "Wow, we'll actually pay money for this." And then suddenly you knew you have a little business. And then we went to Coca-Cola and said, "Look at this." And they said, "Wow, with a couple of feature adjustments, we'll buy it." And so forth and so on. And then suddenly you've got this unique traction where you felt really excited. So we now said, "OK, now it's time for us to tell the world what we've done." And Hara actually went out and did start selling 15 months ago, so in June 1, 2009. And have basically been on a whirlwind tear of having gone from relatively unknown to #1 in a market that we participate in, which is called the Energy Environment Management Market. Hara captured about 80% of the market share from June-December of 2009 and then continued on a relatively similar pace of 60-70% market share up through now, this year.