

# Anatomy of a fundable startup

Naval Ravikant

Venture Hacks / AngelList  
[angel.co](http://angel.co)



# Anatomy of an unfundable startup

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Naval Ravikant

Activity

People

Startups

### Filter by role

- ☐ Angel
- ☐ Entrepreneur
- ☐ VC
- ☐ Seed Fund
- ☐ Advisor
- ☐ Incubator

[See all roles](#)

### Filter by activity

- ☐ Took intros on AngelList
- ☐ Made investments on AngelList

### Filter by people

Add People

Add

### Filter by companies

Add Company

Add

### Filter by market

Add Market

Add

### Filter by location

Add Location

Add

Person

Investments

Intros

Followers ▾

2112 people



**Dave McClure**

Founding Partner & TroubleMaker @ 500 Startups. also: geek, entrepreneur, marketer, startup fanboy, internet addict, media whore, former PayPal & Mint henchman.

Palo Alto • Incubator

53

39

745

Unfollow



**Reid Hoffman**

Entrepreneur. Product Strategist. Investor.

Mountain View • VC

10

0

382

Unfollow



**Jeff Clavier**

Managing Partner at SoftTech VC

Palo Alto • Seed Fund

17

14

483

Unfollow



**Fred Wilson**

Managing partner at Union Square Ventures and also founded Flatiron Partners.

New York City • VC

5

0

391

Unfollow



**Jason Calacanis**

Founder at LAUNCH; CEO & Founder at Mahalo; Co-Founder at ThisWeekIn; CEO & Co-Founder at Weblogs, Inc.; CEO at VentureReporter.net

Los Angeles • Angel

20

68

335

Unfollow



**Mitch Kapor**

Founder of Lotus Software, founding investor

18

11

346

Unfollow

## Startups



### Tinychat

Group Video Chat

New York City • Chat



### Getaround

Airbnb for Cars

San Francisco • Social Commerce



### Wanderfly

Pandora for travel

New York City • Online Travel



### Fig

Pay faster. Pay smarter.

Boston • Mobile Commerce



### WebMynd

Cross-platform app development, made simple

San Francisco • Development Platforms



### Tout

Tout is the Future of Business E-Mail

Mountain View • Business Productivity



### PunchTab

Instant loyalty program

Silicon Valley • Loyalty Programs



### Postling

Social marketing platform for small businesses

New York City • Small and Medium Businesses



### Evo

Mint for modern parents

California • Parenting



### Catchpoint Systems

The Internet Watchdog

New York City • Analytics



### Shoe Privee

The Ultimate Private Shoe Club -- ShoeDazzle with a Barney's Touch.

Los Angeles • E-Commerce



### InternMatch

Silicon Valley • Education



### Impermium

Anti-spam for the Web

Silicon Valley • Security



### Movable Ink

Real-time content meets email

New York City • Email Newsletters





Fig

ACQUIRED  
eBay



CardMunch

ACQUIRED  
LinkedIn



Divvyshot

ACQUIRED  
Facebook



Postling

INVESTOR  
David Cohen



OcuSpec

INVESTOR  
Andreessen Horowitz



Getaround

INVESTOR  
General Catalyst



Socialize (creators of  
AppMakr)

INVESTOR  
Mitch Kapor



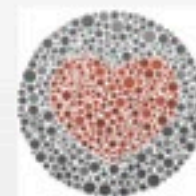
Wanderfly

INVESTOR  
Jason Calacanis



Art.sy

INVESTOR  
Dave Morin



COLOURlovers

INVESTOR  
Charles River



InternMatch

INVESTOR  
Kenny Van Zant



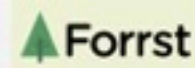
PunchTab

INVESTOR



Taulia

INVESTOR  
Matrix



Forrst

INVESTOR



DISQUS

INVESTOR



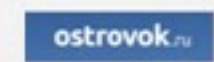
Storenvy

INVESTOR  
Kleiner Perkins



500px

INVESTOR  
John Frankel



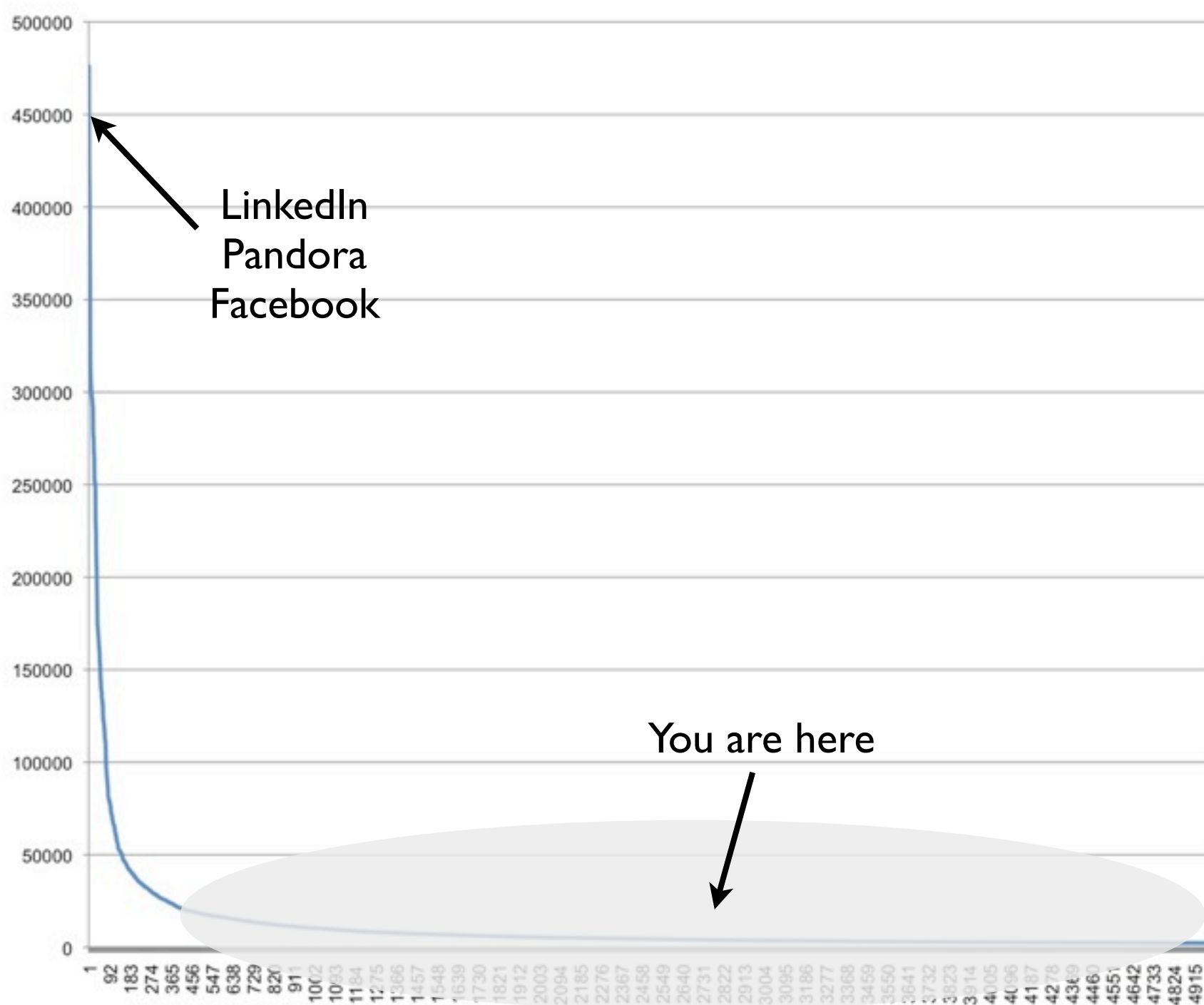
Ostrovok

INVESTOR

# Exceptional Fundings

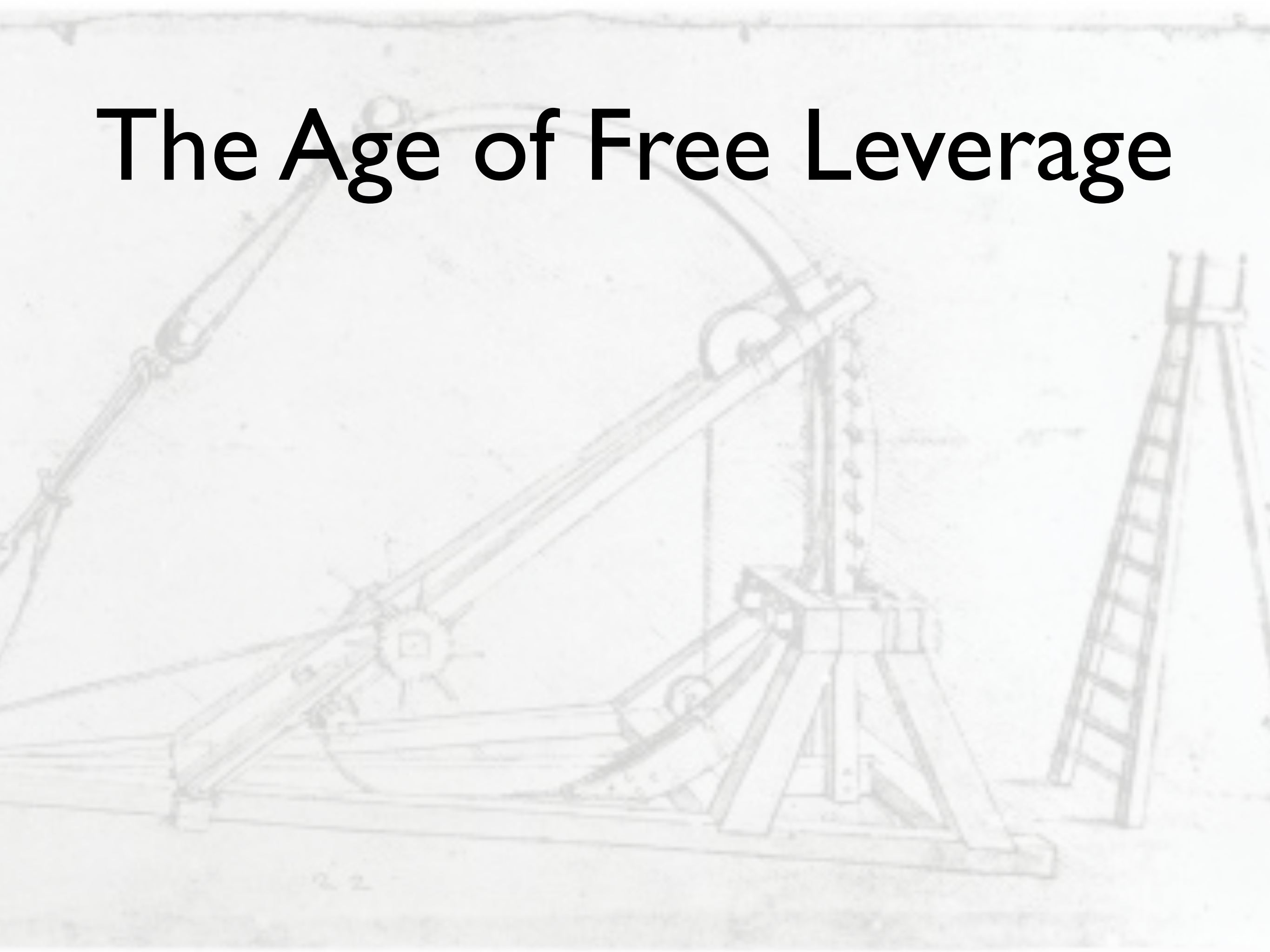


# Exceptional Outcomes





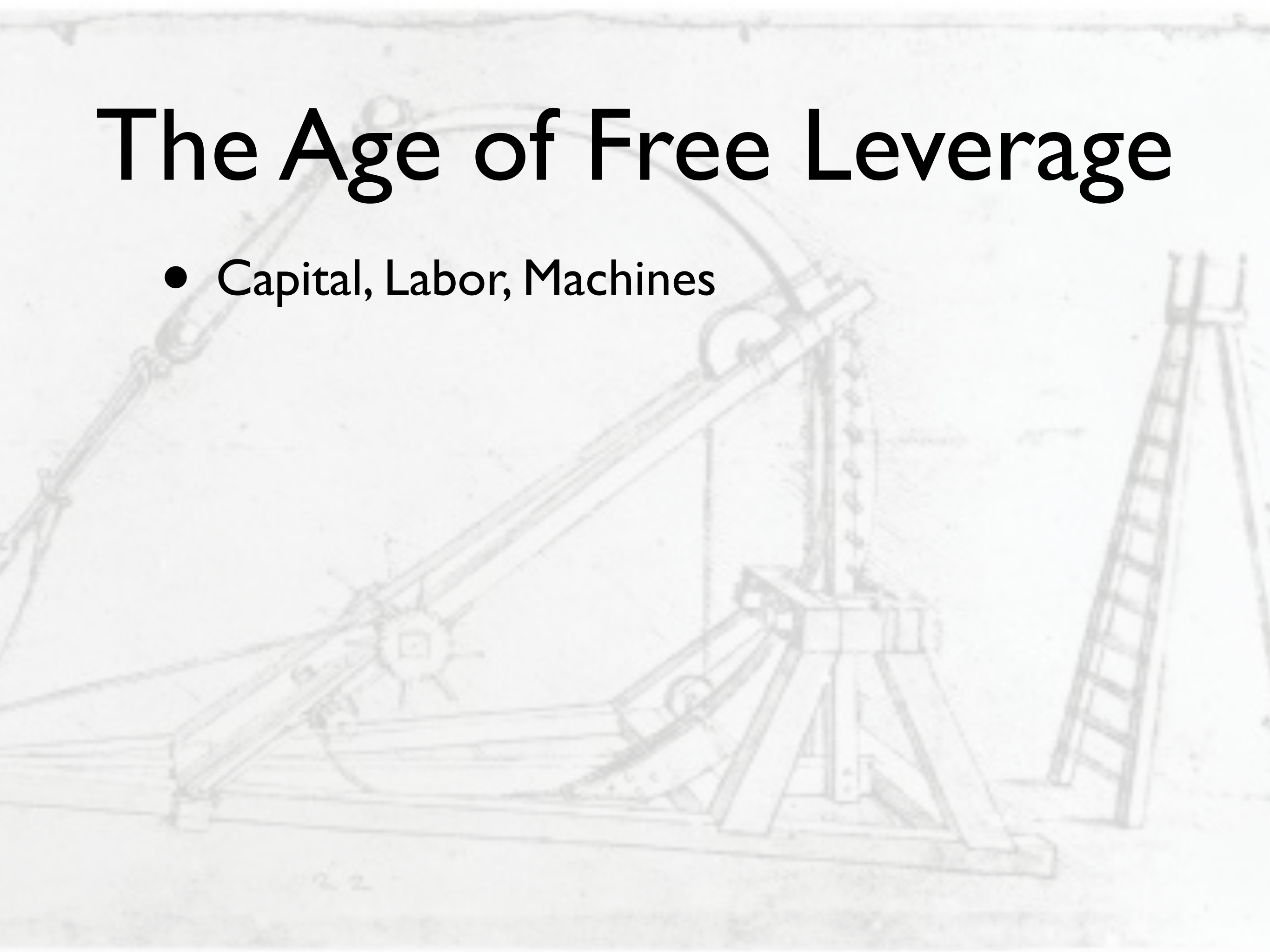
# The Age of Free Leverage





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- Capital, Labor, Machines



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- Intellectual “Property” - Code, Books, Movies, Music





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- IP Platforms (iOS, S3, LAMP, FB Connect)



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- IP Platforms (iOS, S3, LAMP, FB Connect)
- Labor Platforms - Mech Turk, Communities (YouTube, Quora, Wikipedia)



# The Age of Free Leverage

- Capital, Labor, Machines
- Intellectual “Property” - Code, Books, Movies, Music
- IP Platforms (iOS, S3, LAMP, FB Connect)
- Labor Platforms - Mech Turk, Communities (YouTube, Quora, Wikipedia)
- Capital Platforms (AngelList, KickStarter, SecondMarket, YC, TechStars)



# Traction

**Traction**  
**You**



**Traction**  
**You**  
**Product**

**Traction**

**You**

**Product**

**Social Proof**

Traction

You

Product

Social Proof

Market

Traction

You

Product

Social Proof

Market

High Concept Pitch



Traction

You

Product

Social Proof

Market

High Concept Pitch

Elevator Pitch

Traction

You

Product

Social Proof

Market

High Concept Pitch

Elevator Pitch

Presentation

# A Note on Location



# A Note on Location

- Silicon Valley, New York






# A Note on Location

- 
- Silicon Valley, New York
  - Seattle, Austin, LA, Boston, Chicago, London

# A Note on Location

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- Silicon Valley, New York
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  - Estonia, Chile, India, Croatia, Poland

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  - Capital is mobile, but capitalists are lazy

# A Note on Location

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- Silicon Valley, New York
  - Seattle, Austin, LA, Boston, Chicago, London
  - Estonia, Chile, India, Croatia, Poland
  - Capital is mobile, but capitalists are lazy
  - Funding markets develop backwards

# Markets and Approaches

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- Services, multiple products



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- Small Markets (obviously)

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- Desktop software / Dead Platforms

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- Desktop software / Dead Platforms
- Conquered Markets with Network Effects
- High atom content
- Not too large, not too small

# Team?



# Team?

- “Functional visionary and project manager”

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- “I have no ego. Currently my role is visionary / strategist”

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- “High Tech Sales Exec who loves his family and loves to run”

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- “I have no ego. Currently my role is visionary / strategist”
- Outsourced development, business-heavy
- Sole founder
- Part-timers
- “High Tech Sales Exec who loves his family and loves to run”
- 12 years experience in...



# Exceptional Team

# Exceptional Team

## Team

 Add



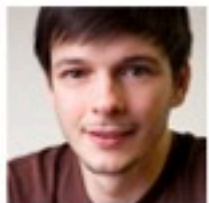
**Rene Reinsberg** 

CEO of Goodplates. 1st software startup out of high school. Strong business background (McKinsey, Morgan Stanley). MIT Sloan MBA 2011.



**Stelios Sidiroglou-Douskos**

Postdoctoral Fellow at MIT; PhD in Computer Science from Columbia University. Past startup experience. Currently CTO of Goodplates.



**Marek Olszewski** 

PhD student at MIT CSAIL; Facebook Fellow; Worked at Google, Microsoft, and Sun.



**Marc Piette** 

Worked at Cisco, IBM, Bloomberg and VMware in variety of technical positions. MIT Sloan MBA 2011.

[Edit](#) • [Remove](#)

# Exceptional Team

# Exceptional Team

## Team

 Add



**Rajesh Pampapathi** 

Founder & CTO. PhD Machine Learning and Statistical Natural Language Processing.

[Edit](#) • [Remove](#)



**Lucas Zamboulis** 

PhD Information Systems. R&D at Birkbeck, UCL and Imperial 2003-2010.



**Richard Horne** 

Sales Director. MD Sodastream, Mediatheme.



**Kevin Keenoy** 

PhD candidate Search Personalisation.



**Michael Oxley** 

Founder & CEO. M.Eng Technology. Founder NMQA (sold 2003)

# Team Guidelines

# Team Guidelines

- No adjectives / opinions of yourself



# Team Guidelines

- No adjectives / opinions of yourself
- Show, not tell

# Team Guidelines

- No adjectives / opinions of yourself
- Show, not tell
- Quantitative and precise, not qualitative and vague

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- Branded or measurable output

# Team Guidelines

- No adjectives / opinions of yourself
- Show, not tell
- Quantitative and precise, not qualitative and vague
- Branded or measurable output
- Recruit only the best. And if you can't, you're not ready

# Product?

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- “We will disclose more under NDA”

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- “We will disclose more under NDA”
- “I am raising money to build the product”



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- “Sign up for the beta here...”

# Product?

- “We will disclose more under NDA”
- “I am raising money to build the product”
- “Launching next month”
- “Sign up for the beta here...”
- “Building second version now”


# Exceptional Product

# Exceptional Product

**pipedrive** Home Plans & pricing Features Blog About Sign in

## A sales productivity app, not your usual CRM

Salespeople don't want 'relationships'. They want more sales.




[See plans & pricing](#)  
or try a free demo.

- 5 Less admin and management, more time for sales.
- 10 Great overview of your sales efforts and results.
- 10 So easy to use salespeople just love it.
- 2 Up and running in 2 minutes.

**pipedrive** Pipeline Deals Organizations People Products Settings

### Client Acquisition Program

Owner: James Deal  
Organization: Xedax Pharmaceuticals  
Contact: Clark Kent  
Phone: 155510021451  
E-mail: clark\_k@xedaxpharma.com  
Visible to: all

Value: \$40,000  
Stage this deal is in:   
Status: Open  
Deal age: 3m, 27d

Updates Activities Products Attachments

Add an activity

- ☒ Discuss partnership details Stephanie Ramsay May 25, 2011 at 12:30
- ☒ Send proposal draft to Clark James Deal May 27, 2011 at 18:00
- ☒ Internal meeting with Peter to create the proposal James Deal May 10, 2011 at 11:30
- ☒ Meeting with Clark James Deal May 5, 2011 at 11:00
- ☒ Call Clark to find out James Deal Apr 27, 2011 at 09:00

Followers: Stephanie Ramsay (you) Add follower Stop following

80.0% James Deal  
20.0% Stephanie Ramsay

Help and Feedback Add users Activities Progress Updates News

**pipedrive** Pipeline Deals Organizations People Products Settings

### Deals in pipeline

Add deal James Deal (You)


Idea	Meeting Arranged	Needs Mapped	Offer Made	Offer Accepted
Facebook Campaigns \$11,000 Kofiba Venture Partners	Sales Training for Field Reps \$11,000 Eximia Business Intelligence	Consulting for George's Department \$8,000 Atomfinch Ltd.	Marketing Campaign \$7,500 Clanbird Training Ltd.	Product Launch Strategy \$18,000 Elter Corporation
New Website \$27,000 Indata Ltd.	Product Launch Strategies \$33,000 Online Solutions	Social Media Audit \$3,500 Firewire Media	Strategy Rewrite \$19,000 Mabacci Consulting Ltd.	
	Launch Campaign: Phase I \$12,500 Instinctive Technologies Inc.	Client Acquisition Program \$40,000 Xedax Pharmaceuticals	Senior Management Consulting Sessions \$29,000 Greenship Logistics	
	Senior Management Consulting Sessions \$25,000 Ivoryprint Inc.	Launch Campaign Phase II \$12,500 Secto Design		
	Daily Workshop \$2,000 Nettix			

Help and Feedback Add users Activities Progress Updates News

**pipedrive** Pipeline Deals Organizations People Products Settings

### Client Acquisition Program

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Visible to: all

Value: \$40,000  
Stage this deal is in:   
Status: Open  
Visible to: Entire team  
Deal age: 3m, 27d

Updates Activities Products Attachments

Add a comment

- James Deal added a meeting to deal Client Acquisition Program with Clark Kent from Xedax Pharmaceuticals  
Send proposal draft to Clark  
In 2 days - Like Reply
- James Deal finished a task regarding deal Client Acquisition Program with Clark Kent from Xedax Pharmaceuticals  
Come up with a different budget  
Clark came back and said we needed to re-negotiate the price  
In 2 days - Like Reply
- James Deal finished a deadline regarding deal Client Acquisition Program with Clark Kent from Xedax Pharmaceuticals  
Send proposal to Clark  
In 2 days - Like Reply
- James Deal finished a meeting regarding deal Client Acquisition Program with Clark Kent from Xedax Pharmaceuticals

Followers: Nobody is following this deal. Start following

Help and Feedback Add users Activities Progress Updates News

# Product Guidelines

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- No promises / vision



# Product Guidelines

- No promises / vision
- Show, not tell

# Product Guidelines

- No promises / vision
- Show, not tell
- Quantitative and precise, not qualitative and vague

# Product Guidelines

- No promises / vision
- Show, not tell
- Quantitative and precise, not qualitative and vague
- Something hard with specific knowledge

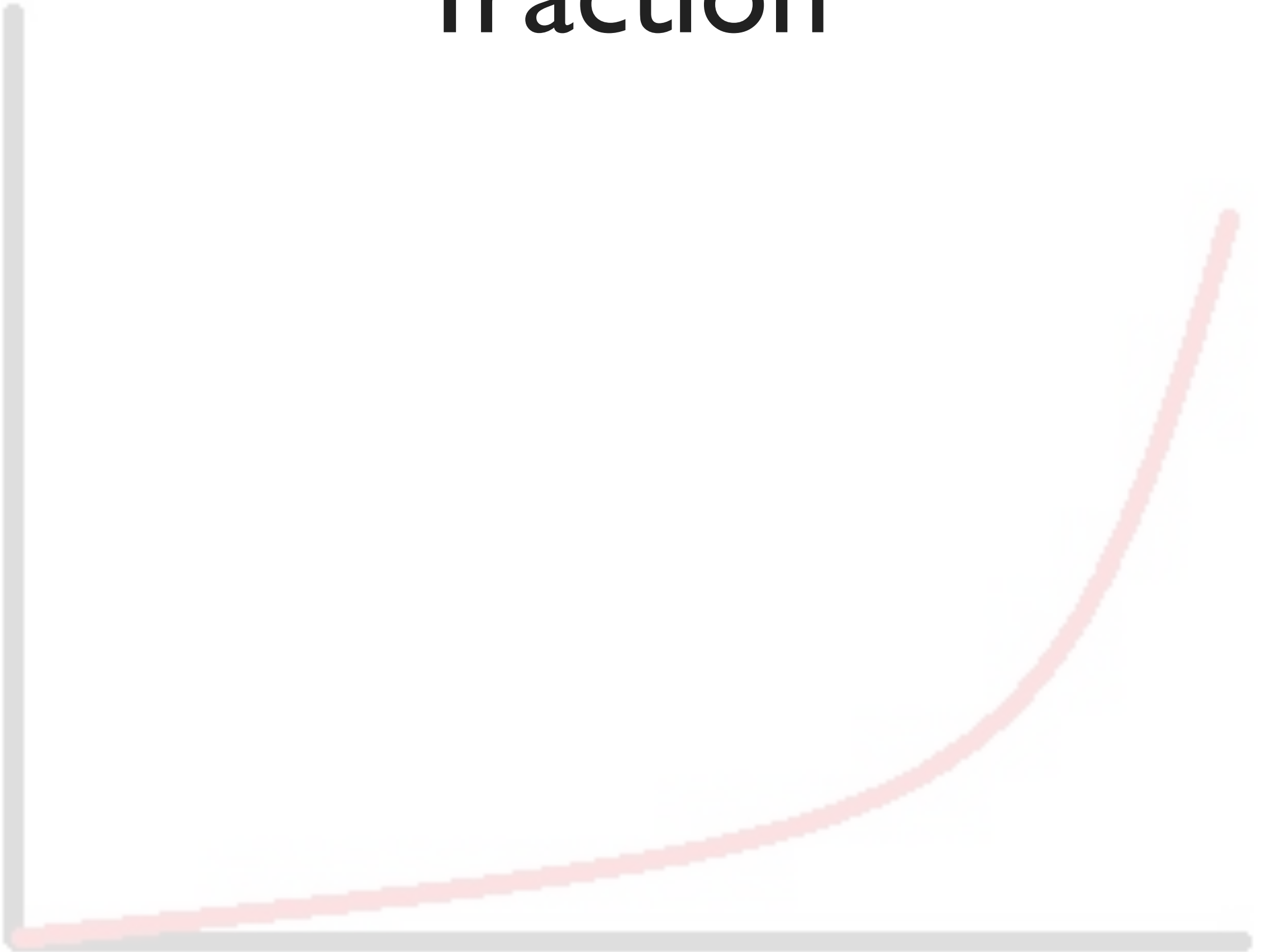
# Product Guidelines

- No promises / vision
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- Something hard with specific knowledge
- Expect competition

# Product Guidelines

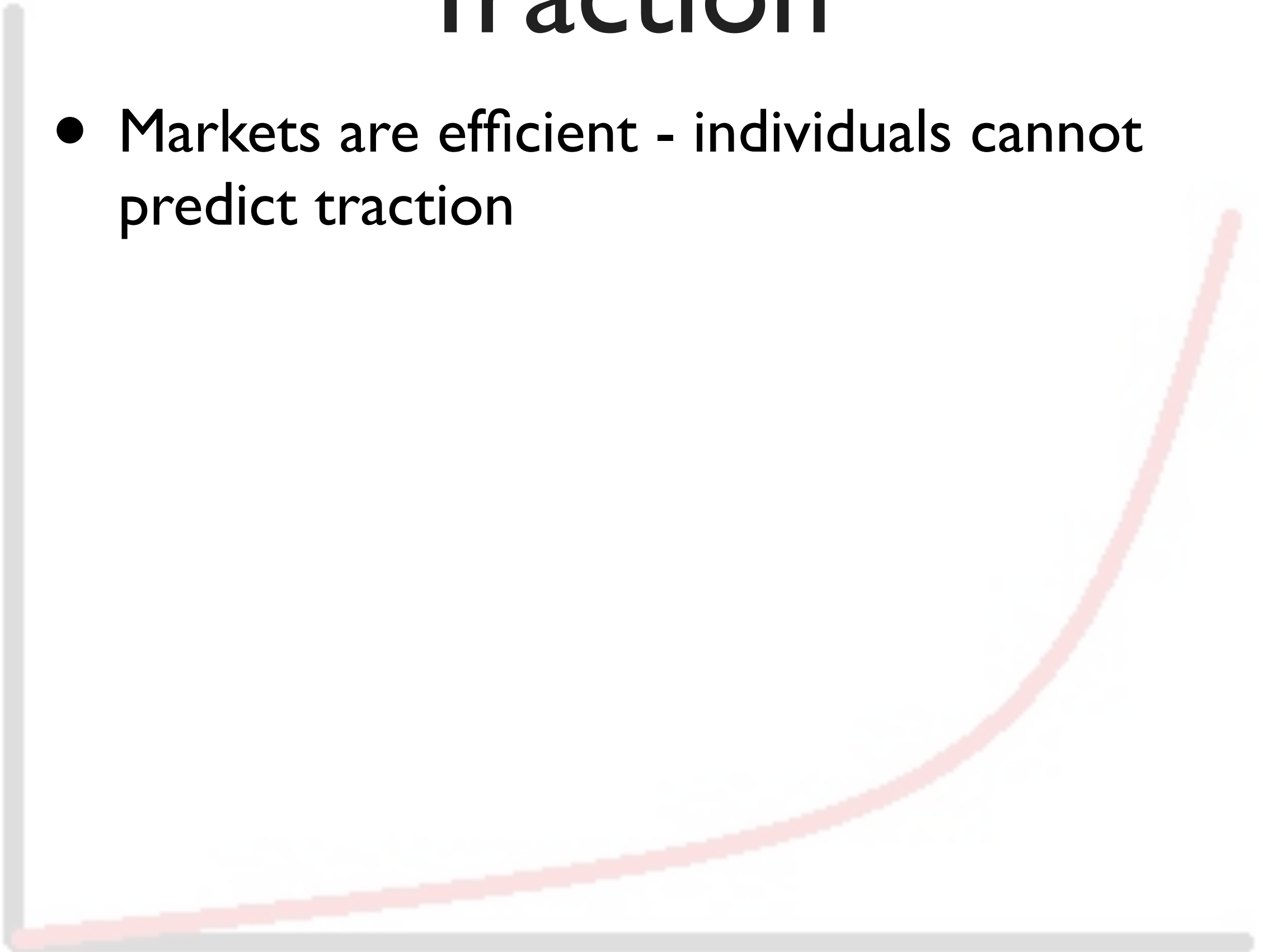
- No promises / vision
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- Something hard with specific knowledge
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- Build only the best. And if you can't, you're not ready

# Traction



# Traction

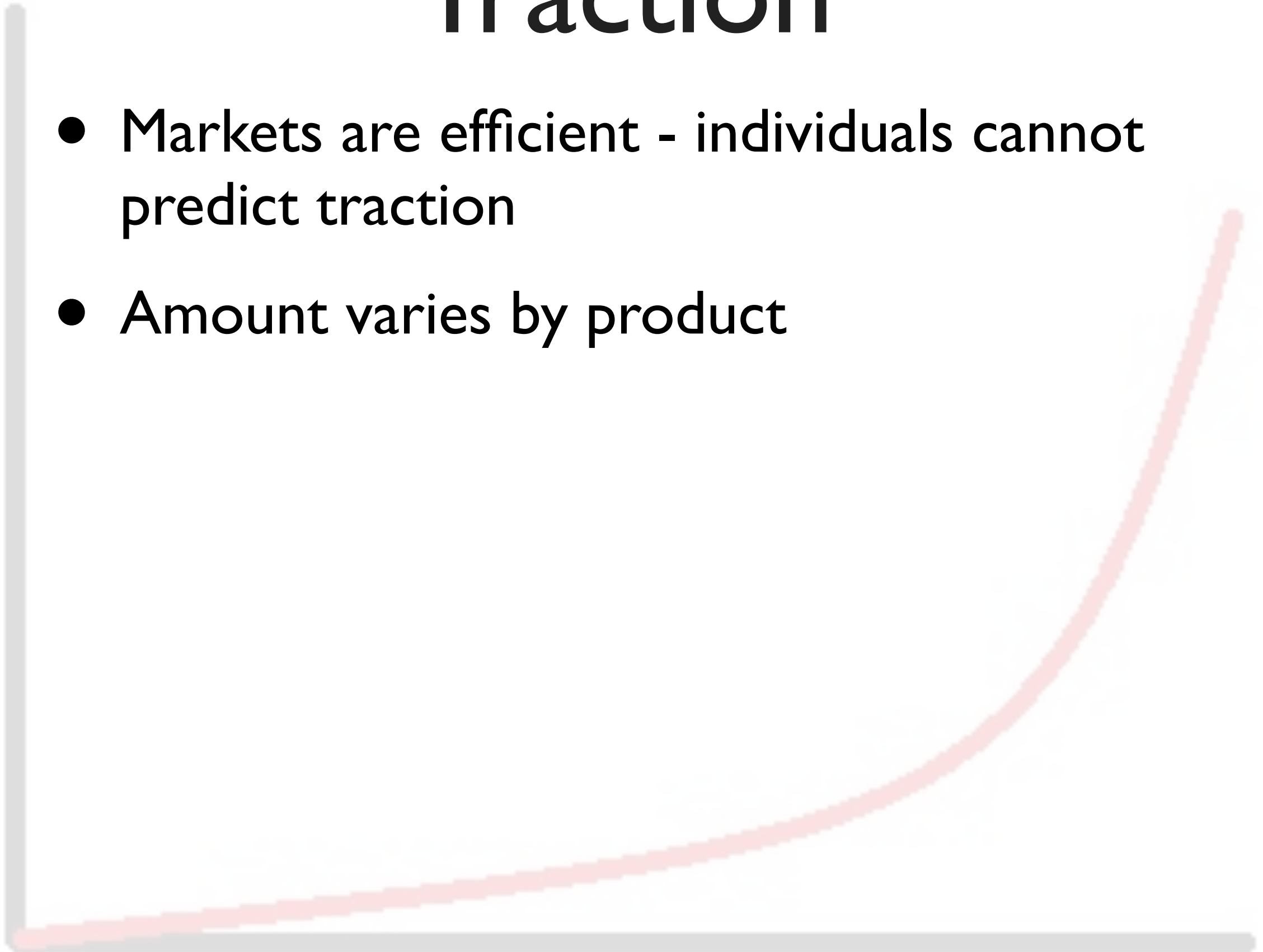
- Markets are efficient - individuals cannot predict traction





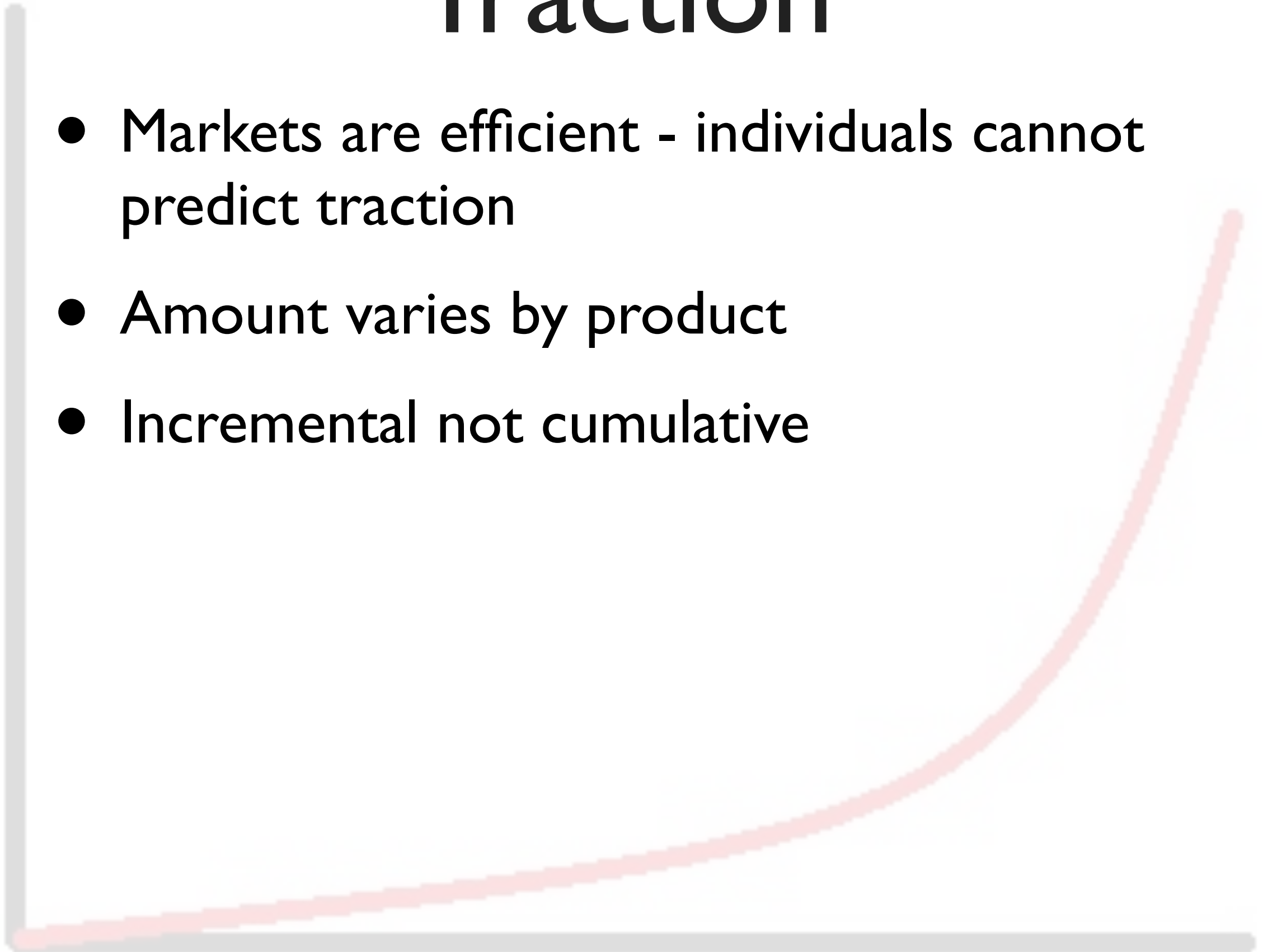
# Traction

- Markets are efficient - individuals cannot predict traction
- Amount varies by product



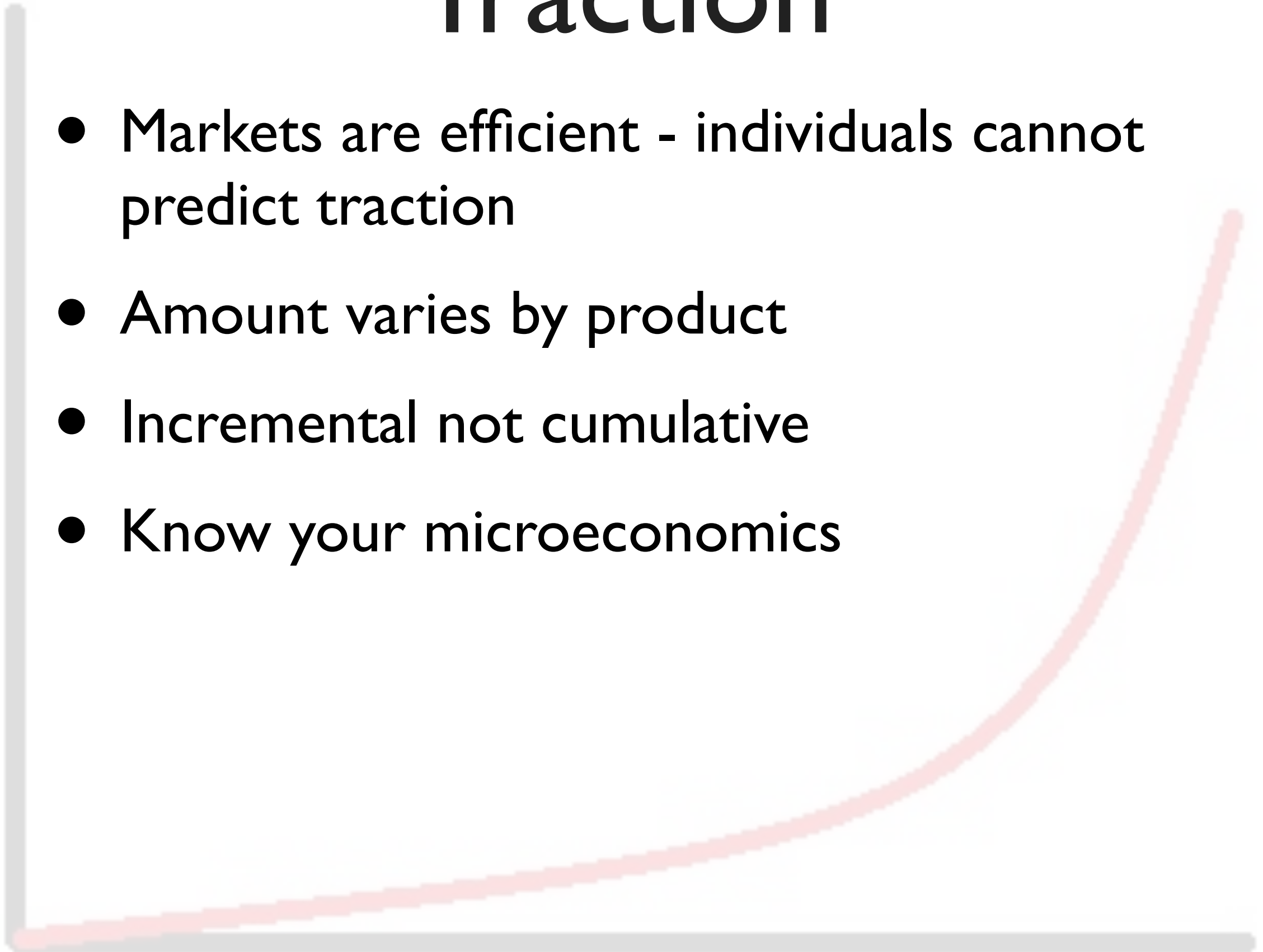
# Traction

- Markets are efficient - individuals cannot predict traction
- Amount varies by product
- Incremental not cumulative



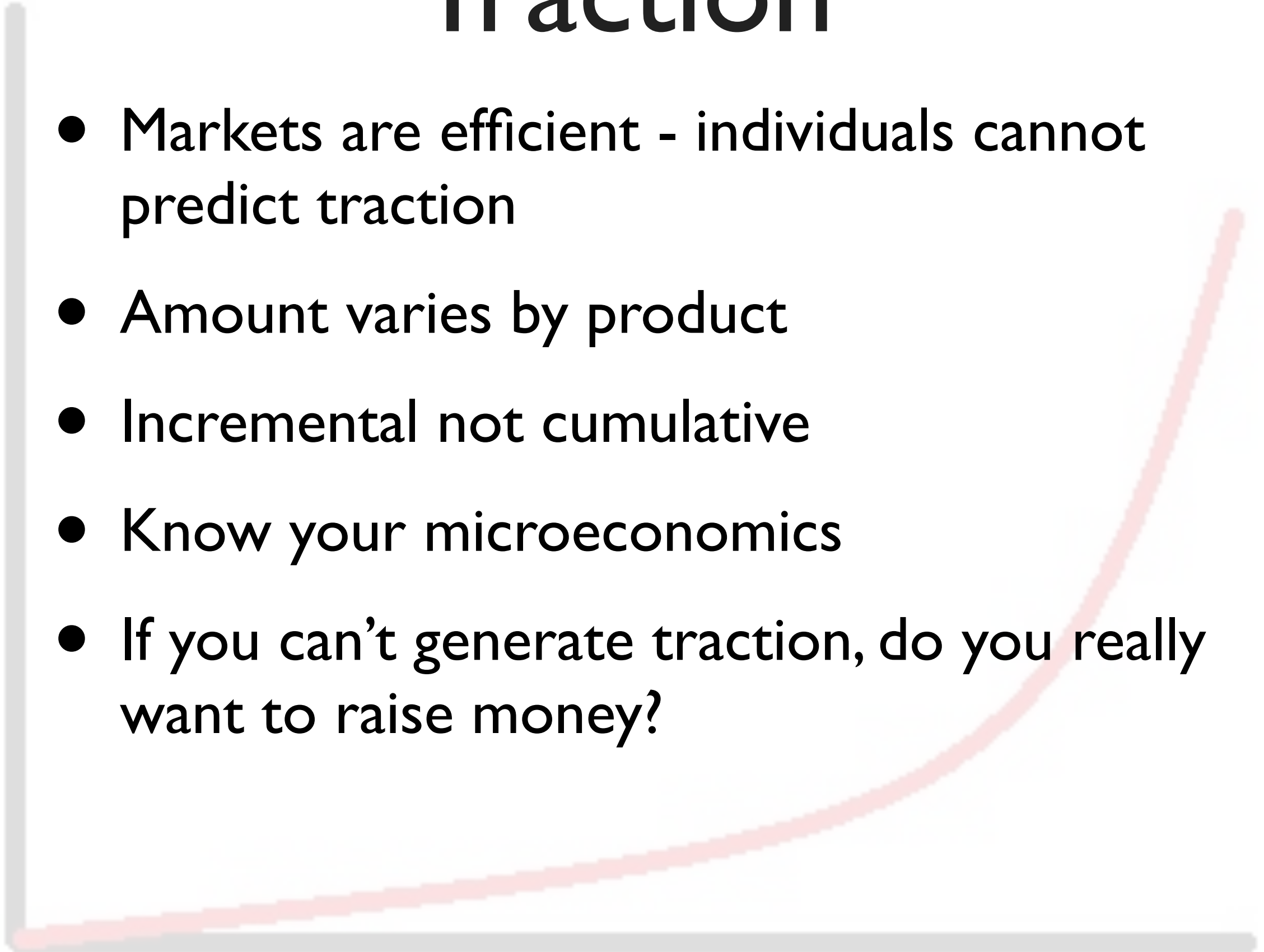
# Traction

- Markets are efficient - individuals cannot predict traction
- Amount varies by product
- Incremental not cumulative
- Know your microeconomics

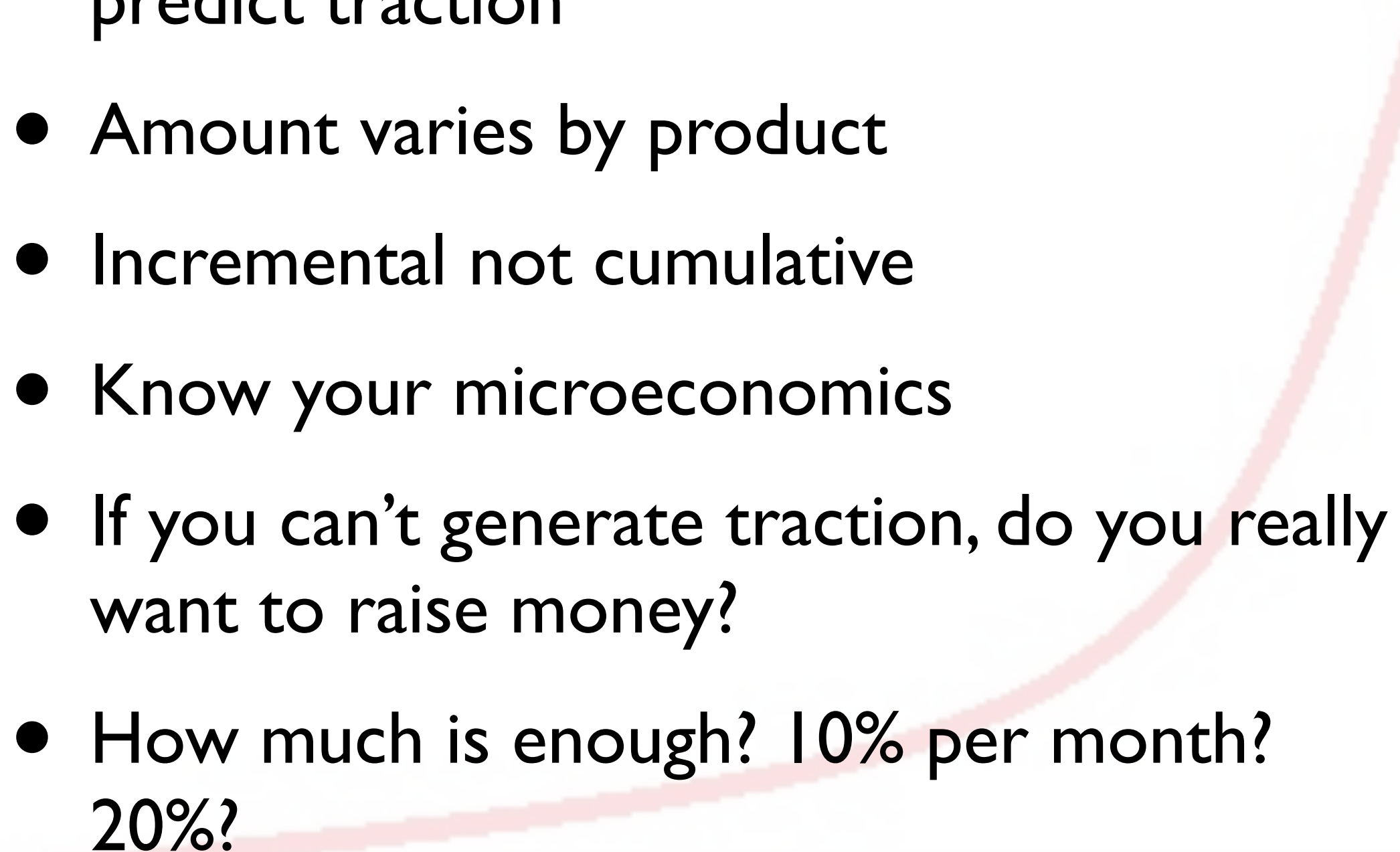


# Traction

- Markets are efficient - individuals cannot predict traction
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- If you can't generate traction, do you really want to raise money?



# Traction

- Markets are efficient - individuals cannot predict traction
  - Amount varies by product
  - Incremental not cumulative
  - Know your microeconomics
  - If you can't generate traction, do you really want to raise money?
  - How much is enough? 10% per month? 20%?
- 

# Social Proof

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- “Get referred to us by someone we know”

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- Entrepreneurs and committed investors best



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- Herd mentality is rational

# Social Proof

- “Get referred to us by someone we know”
- Entrepreneurs and committed investors best
- Herd mentality is rational
- Why? What did they like that you can't show in the other metrics?

# Real Hacks

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- Advisory Round (Notable Founder, Operator)

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- Cast a Broad Net, move simultaneously

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# Real Hacks

- Advisory Round (Notable Founder, Operator)
- Cast a Broad Net, move simultaneously
- Easier to pitch a new investor than to convert one
- Equity, not notes
- Sell an option
- But if you're having a hard time, re-start, not push

# In Summary

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- Recruit an exceptional team.

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- Recruit an exceptional team.
- Build something that you are passionate and knowledgeable about
- Test it against customers
- Get social and customer validation
- Raise on at least one exceptional characteristic
- PS - Assume fierce competition