

# Trajectory Series Bootcamp – Session 1

Dave Parker

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@DaveParkerSEA



# Presentation & Resources

- ▣ <https://www.dkparker.com/exit/venture-ready/>
- ▣ <https://www.dkparker.com/trajectory-excerpt/>

# About Dave

- 5X founder, Board Member, former SVP Programs at UP Global (Startup Weekend + Startup America)
  - Startup Next creator
  - Startup Week
- Senior Partner, Fearless.fund
- Author – "[Trajectory: Startup – Ideation to Product Market/Fit](#)"
- >15 transactions – 8 sell side, 2 buy side now with [NextPath Advisors](#)



# Rules of the Road

- ▣ Ask questions as we go – especially if I talk too fast!
  - ▣ Meta questions please! Not just about your company
- ▣ Don't Ramble – I'll interrupt
- ▣ Virtually...
  - ▣ Network – you need to build you network for the future starting today
  - ▣ #GiveFirst – you have complimentary skills around you

# Session 1 Agenda

- ▣ Intro
- ▣ Business Model and investor expectations
- ▣ Financial Model and Key Metrics
- ▣ Market Size
- ▣ Corporate Structure
- ▣ Legal Support

## Score Yourself

1-4

**Team:** Why you, balanced team (talents, diversity), domain experts, serially successful founders, great company experience

**Idea:** Are you solving a problem? New or existing problem, big category (vs tool), early/late continuum, technical achievable, pain pill or vitamin

**Product:** do you have a product, how mature, customer first, solid design, clear roadmap to scale

**Market/Customer:** big market (TAM/SOM), cash available, new or nascent market?

**Competition:** How many incumbents, funding status, are you incremental better or 10X better?

**Traction:** Customer validation, revenue, improving unit economics?

**Timing:** Why now? Are you late, early, too early?

**Revenue Model/Finance:** How will you monetize your idea? Do you have a basic budget on spending, big or small economics

**IP/Moat:** Is your idea defensible? Can you build a moat over time?

**Clear Ask:** What do you need help with? Advice, funding, introduction, help finding staff?

Total out of 40

# Venture Ready

## Fast NO

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- ▣ Market
- ▣ Team
- ▣ Product
- ▣ Traction

## Slow Yes

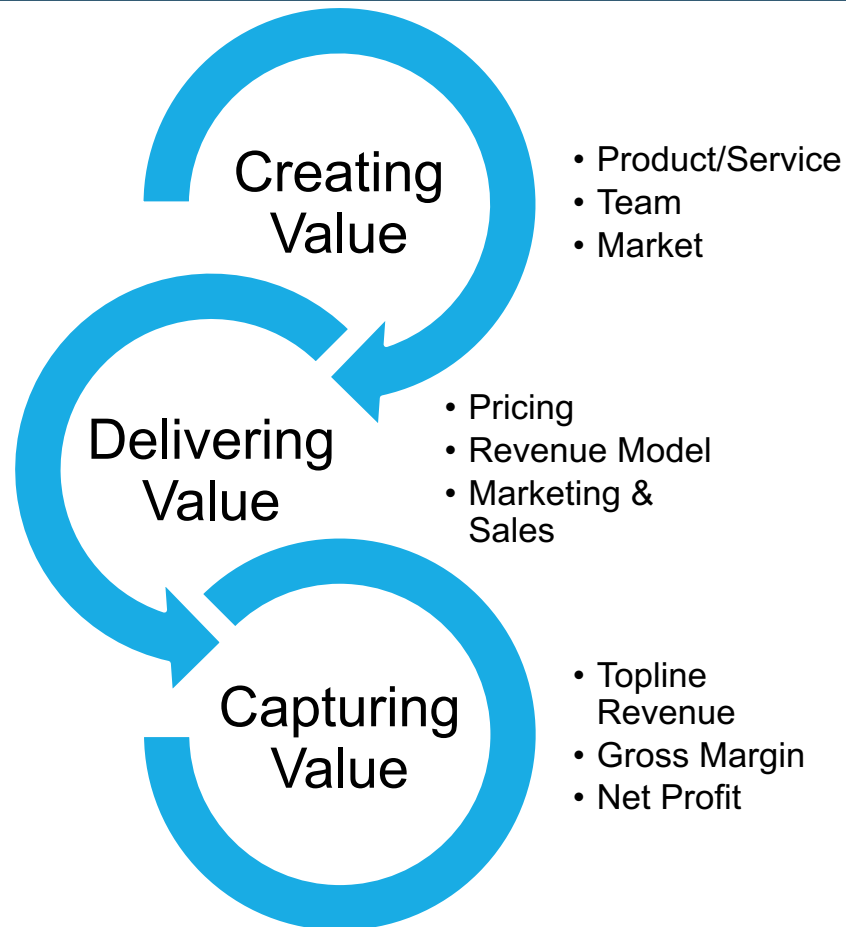
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- ▣ Idea
- ▣ Competition
- ▣ Business Model/Finance
- ▣ Timing
- ▣ Intellectual Property/Moat
- ▣ Clear Ask

# Addressing the Weaknesses

- ▣ Where were you weak
- ▣ How would you answer differently
- ▣ What can you change now – before final pitches?
  
- ▣ Don't ignore the elephant in the room – investors won't!

# Business Model Breakdown



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# Creating Value

- ▣ Product or Service or combination
  
- ▣ Cost to Build – Team
  - Engineering
  - Design
  - Hosting
  - Manufacturing
  
- ▣ Cost of Delivery & Support

# Delivering Value

- ▣ Revenue Model
- ▣ Pricing
- ▣ Customer Acquisition Cost (CAC)
  - Marketing Methods and Spend
  - Sales Models
- ▣ Lifetime Value (LTV)
- ▣ Note Promotions are not pricing or revenue models (e.g. freemium is a promotion)

# Capturing Value

- ▣ What's left over!
- ▣ Topline Revenue
- ▣ Gross Margins
- ▣ Net Profit

# Two Startup Epochs

# Epochs

- ▣ BC

- ▣ Pre Internet

- ▣ Pre Game of Thrones

- ▣ AD

- ▣ Post Internet

- ▣ Post Game of Thrones



You?



- ▣ Pre Product-Market Fit

- ▣ Risk Capital

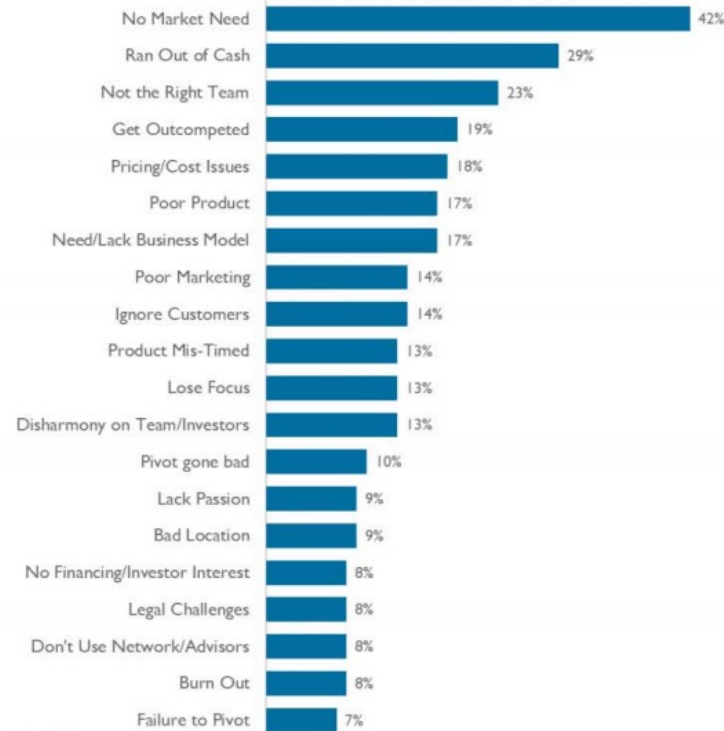
- ▣ Post Product-Market Fit

- ▣ Growth Capital

# Why Startups Fail

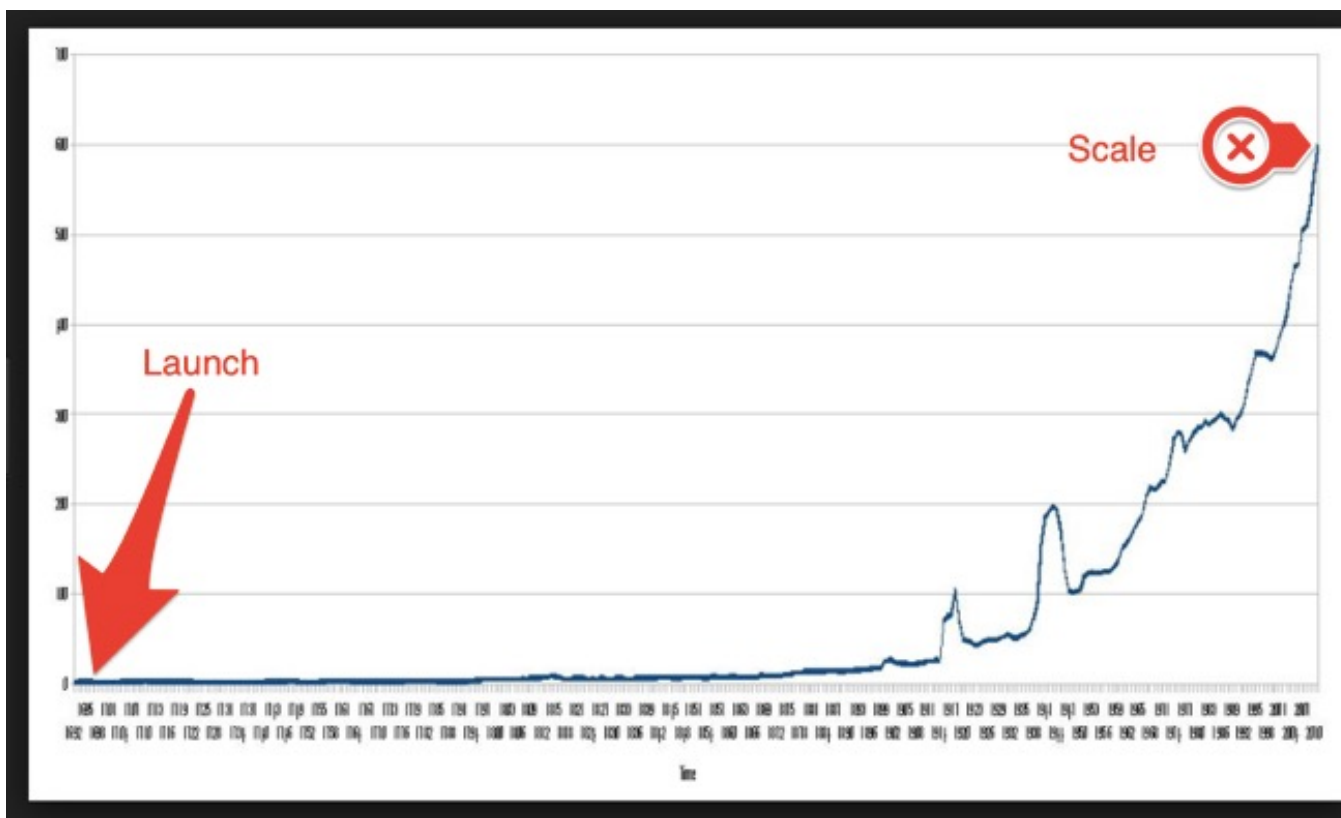
## Top 20 Reasons Startups Fail

Based on an Analysis of 101 Startup Post-Mortems



[www.cbinsights.com](http://www.cbinsights.com)

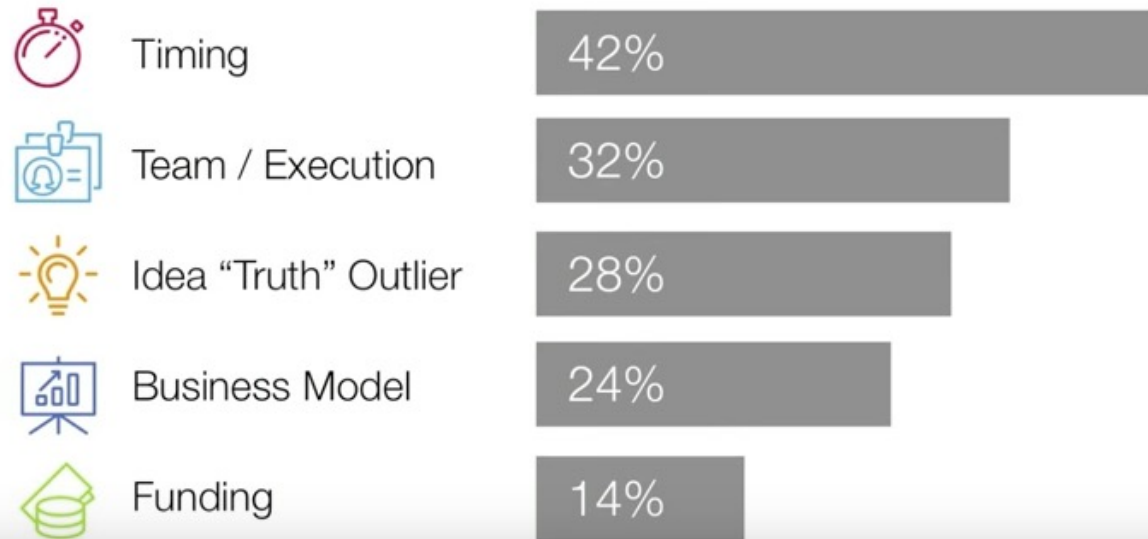
# Launch & Survive



# Judging a Startup – Bill Gross

Ultimate success – AT SCALE – Assumes good market

Top 5 Factors in Success Across More Than 200 Companies



# Surfing Analogy

- ▣ The Wave
- ▣ The Board
- ▣ The Surfer
- ▣ The Trend
- ▣ The Product
- ▣ The Leader/Team

Market timing = bad waves

Small waves are bad

Bad product

Wrong person/team for the market

Are all three lined up for you?



Bring \$\$\$

# Categorizing Your Solution

	Product	Service
B2B	Salesforce	Consulting
B2C	Games	For profit school

# What Problem/Opportunity

- ▣ What's the problem
  - ▣ Pain Pill
  - ▣ Vitamin
- ▣ What's the opportunity
- ▣ Solving for who?
- ▣ Can you create and capture value?
  - ▣ Who will pay?

# Product & Companies

- ▣ Products aren't fundable – Companies are fundable
- ▣ Lifestyle businesses – won't funded
- ▣ Local vs. Scalable businesses

Which one will you be?

- ▣ Services vs Product
  - ▣ Exit multiples

# Should you build it?

## **Belty, an internet-connected belt**



Humans held their pants up just fine with leather belts for thousands of years. But now, there's a better way. According to its maker, the Belty smart belt automatically loosens when you've had too much to eat, using "an actuator that ensures your preferred level of comfort throughout the

# And than there's this (\$120M)



It sounds like America's favorite \$400 juicer machine will be no longer.

# Pre-Mortem

# If Your Startup was to Fail, Why?

- ▣ What's the number one reason
  - ▣ Product
  - ▣ Customer Acquisition
  - ▣ Competition
  - ▣ Lack of funding
- ▣ Rank

# Research & Competitive Analysis

# Research

- ▣ You are not the customer
- ▣ Methods of Research
  - ▣ Blue Ocean
  - ▣ Gartner Magic Quadrant
- ▣ Documentation and Analysis
  - ▣ Google Search – what are the keywords someone would type to find your solution
  - ▣ Crunchbase Search – funding, timing, categories
  - ▣ Competitive Product/Service pricing







# Pattern Matching

- ▣ Stage
- ▣ Customer Type
- ▣ Categories

Companies

[+ Add Companies filter](#)

Search 1-50 of 100,000+ results in 0.009s

<input type="checkbox"/>	Organization Name <input type="text"/>	Categories <input type="text"/>	Headquarters Location <input type="text"/>
<input type="checkbox"/>	1.  <a href="#">Xiaomi</a>	<a href="#">Consumer Electronics</a> , <a href="#">Mobile</a> , <a href="#">Internet</a>	<a href="#">Beijing, Beijing, China</a>
<input type="checkbox"/>	2.  <a href="#">SeedInvest</a>	<a href="#">Crowdfunding</a> , <a href="#">Association</a> , <a href="#">Venture Capital</a>	<a href="#">New York, New York, United States</a>
<input type="checkbox"/>	3.  <a href="#">Kickstarter</a>	<a href="#">FinTech</a> , <a href="#">Finance</a> , <a href="#">Crowdsourcing</a> , <a href="#">Crowdfunding</a>	<a href="#">Brooklyn, New York, United States</a>
<input type="checkbox"/>	4.  <a href="#">Lenovo</a>	<a href="#">Mobile</a> , <a href="#">Manufacturing</a> , <a href="#">Computer</a> , <a href="#">Hardware</a>	<a href="#">Morrisville, North Carolina, United States</a>
<input type="checkbox"/>	5.  <a href="#">Virgin Hyperloop One</a>	<a href="#">Transportation</a> , <a href="#">Manufacturing</a> , <a href="#">Travel</a>	<a href="#">Los Angeles, California, United States</a>
<input type="checkbox"/>	6.  <a href="#">Singapore Post</a>	<a href="#">Retail</a> , <a href="#">Supply Chain Management</a> , <a href="#">Logistics</a>	<a href="#">Singapore, Central Region, Singapore</a>

startups.com

Summary

Financials


People

Technology

Signals & News

## About


Startups.com helps over 1 million startup companies find customers, funding, mentors, and world-class education.

 Columbus, Ohio, United States

 101-250

 Private

 [www.startups.com](http://www.startups.com)

 84,722

 ADD TAGS

## Highlights

Acquisitions

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## Recent News & Activity

 News · Jul 12, 2021

TECHCOMMUNITY.MICROSOFT.COM – Microsoft 365 Dev Podcast - Building an Application on the Microsoft 365 Platform with Elio Struyf

 News · Jul 5, 2021

SaaSStock – What are SaaS metrics, and why are metrics important for SaaS companies / Startups?

 News · Jun 21, 2021

Tech in Asia – 500 Startups joins pre-series A round of Indonesian social commerce startup

[VIEW ALL](#)

Find More Contacts for Startups.com

 Recommended Companies

# Crunchbase

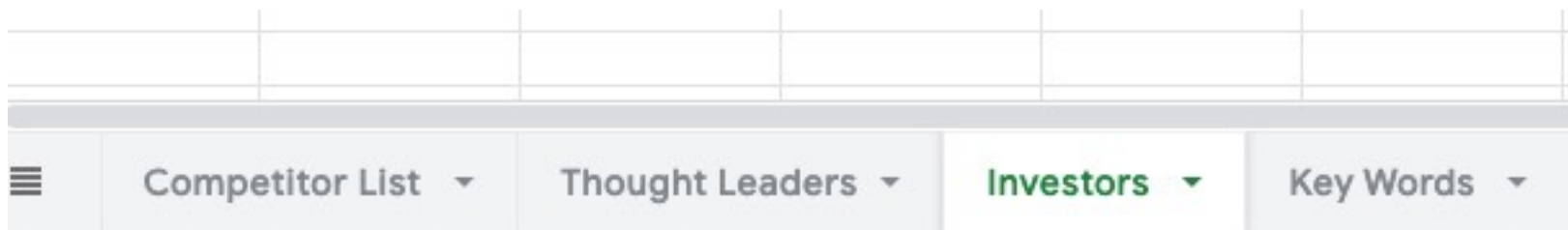
<https://www.crunchbase.com/>

# Research

- ▣ Create a Google Sheet with your research
- ▣ One tab for research, one for competitors
- ▣ Who has written about your market
  - ▣ Professionals, bloggers, others
- ▣ Who has raised capital in this market
- ▣ What's the state of the "Wave?"

# Research

- ▣ Collaboration tool (Gdoc, Notion, etc.)
- ▣ Google Sheet with your research
- ▣ Tabs for:



A screenshot of a Google Sheet interface showing a grid of data above a tab bar. The tab bar contains four tabs: 'Competitor List', 'Thought Leaders', 'Investors', and 'Key Words'. The 'Investors' tab is highlighted in green, indicating it is the active tab. To the left of the tabs is a hamburger menu icon.



☰ Competitor List ▾ Thought Leaders ▾ **Investors** ▾ Key Words ▾

# Specific Competitors

- ▣ Feature List
- ▣ Product positioning
- ▣ Gaps
- ▣ Pricing
- ▣ Target customer/profile
- ▣ Marketing approach

# Getting Data

- ▣ Right Mouse click
  - ▣ Keywords, meta data
- ▣ Pull keywords for competitors – Google Sheet
- ▣ Tools
  - ▣ <https://www.semrush.com/>
  - ▣ <https://topics.seomonitor.com/query>
  - ▣ Google Keyword tool
- ▣ Social
  - ▣ <https://www.rivaliq.com/>

# Keyword Planner

ads.google.com/aw/keywordplanner/home?ocid=56542494&eid=68244774&\_\_u=5583883126&uscid=56542494&\_\_c=8093247406&authuser=0&sf=kp&subid=US-en-et-g-aw-a-tools-kwp\_bb-...

Google Ads | Keyword Planner

Your account isn't active - Your ads aren't running because your account has been canceled.

### Discover new keywords

START WITH KEYWORDS    START WITH A WEBSITE

Enter a domain or a page to find keywords

For example, domain.com (website) or domain.com/page (webpage)

English (default)    United States

Use the entire site

Use only this page

GET RESULTS

### Google Ads | Keyword plan

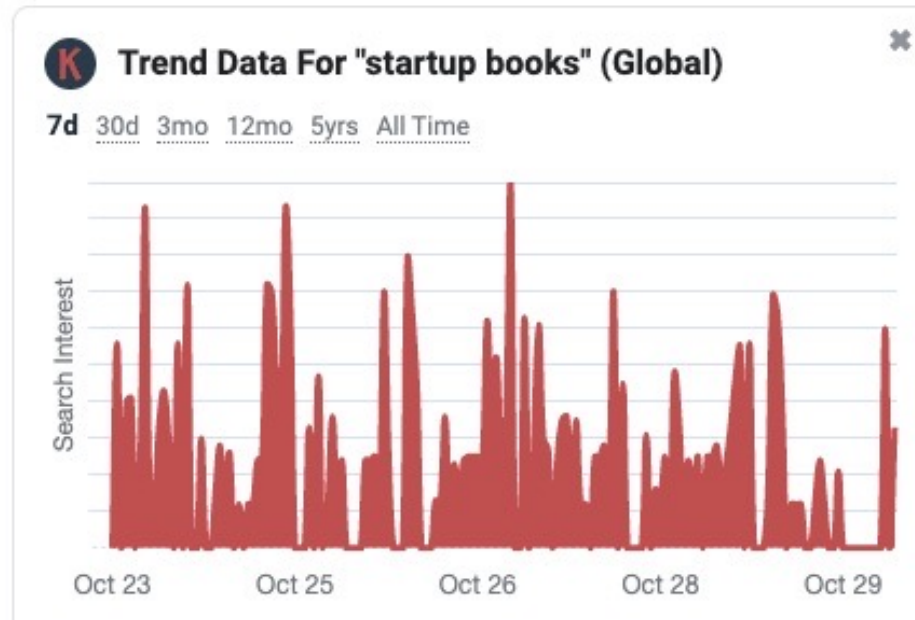
Site:     United States    English    Google    Oct 2020 - Sep 2021

Broaden your search: No suggestions found

Exclude adult ideas    ADD FILTER    1,143 keyword ideas available

<input type="checkbox"/> Keyword	Avg. monthly searches	Three month change	Competition	Ad impression share	Top of page bid (low range)	Top of page bid (high range)
<input type="checkbox"/> sole proprietors	100K - 1M	+900%	Low	-	\$1.26	\$5.07
<input type="checkbox"/> venture capitalist	10K - 100K	0%	Low	-	\$2.38	\$12.34
<input type="checkbox"/> grants to small businesses	10K - 100K	0%	High	-	\$1.17	\$9.99
<input type="checkbox"/> investor angel	10K - 100K	0%	Medium	-	\$2.03	\$8.47
<input type="checkbox"/> company startups	1K - 10K	0%	Low	-	\$1.45	\$5.44
<input type="checkbox"/> startup a company	1K - 10K	0%	Medium	-	\$3.50	\$15.54
<input type="checkbox"/> funded startup	1K - 10K	0%	Medium	-	\$4.14	\$13.02

<https://ads.google.com/>



## Keywords Everywhere

KeyWords Everywhere

<https://keywordseverywhere.com/>



# SEM Rush

<https://www.semrush.com/>

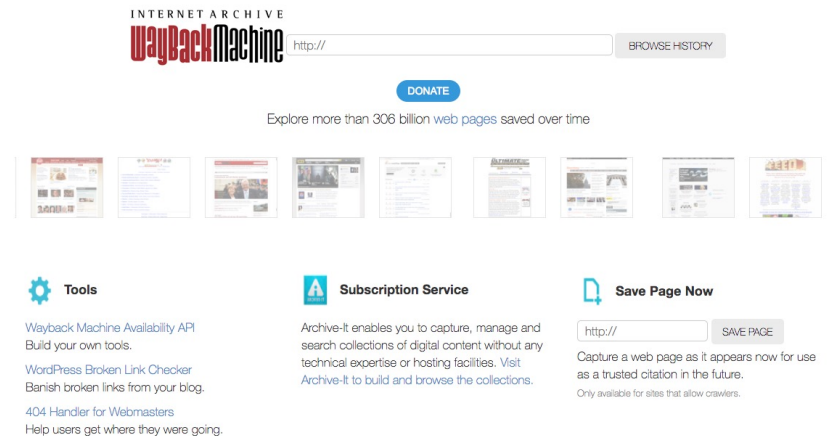
Hire someone on Fiverr to do it for you!

# Getting Data – B2C

- ▣ Playstore/App Store
  - ▣ One Star
  - ▣ Four Star

# Who has tried this before?

- ▣ What about Analyst report?
- ▣ Why did they fail?
- ▣ Use [Wayback Machine](#) to look back



The screenshot shows the Wayback Machine homepage. At the top, it says "INTERNET ARCHIVE" and "WayBackMachine". There is a search bar with "http://" and a "BROWSE HISTORY" button. Below the search bar is a "DONATE" button. The main text says "Explore more than 306 billion web pages saved over time". Below this is a row of ten small thumbnail images representing various archived web pages. At the bottom, there are three sections: "Tools" with a gear icon, "Subscription Service" with a blue 'A' icon, and "Save Page Now" with a blue 'D' icon. Each section has a brief description of its services.

**Tools**  
Wayback Machine Availability API  
Build your own tools.  
WordPress Broken Link Checker  
Banish broken links from your blog.  
404 Handler for Webmasters  
Help users get where they were going.

**Subscription Service**  
Archive-It enables you to capture, manage and search collections of digital content without any technical expertise or hosting facilities. Visit Archive-It to build and browse the collections.

**Save Page Now**  
Capture a web page as it appears now for use as a trusted citation in the future.  
Only available for sites that allow crawlers.

# Looking Back

- ▣ Feature List – then and now
- ▣ Product Positioning
- ▣ Pricing changes over time

INTERNET ARCHIVE  
**WayBackMachine**

BROWSE HISTORY

# Competitive Tech Stack

- ▣ [Builtwith](#)
- ▣ [Mixpanel](#)
- ▣ [StackShare](#)
- ▣ [Siftery](#)
- ▣ [Ghostery](#) – MarTec Stack

# Updates

- ▣ Subscribe to Google Alerts
  - ▣ Competitors
  - ▣ Thought leaders
  - ▣ Analysts
- ▣ RSS Reader
  - ▣ Specific pages within competitors

# Markets

# Market Sizing

- ▣ How big is the market
  - ▣ Country
  - ▣ Region (GCC?)
  - ▣ MENA
  - ▣ Global
- ▣ Data sources – statistica, Gartner (IT), Forrester (IT), HIS Markit (UK)
- ▣ How do you put a \$\$ amount to it?

# Ideal Customer Profile (ICP)

## B2B

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- ▣ Company type
- ▣ Vertical
- ▣ Size/Stage
- ▣ Buyer profile
- ▣ User profile

## B2C

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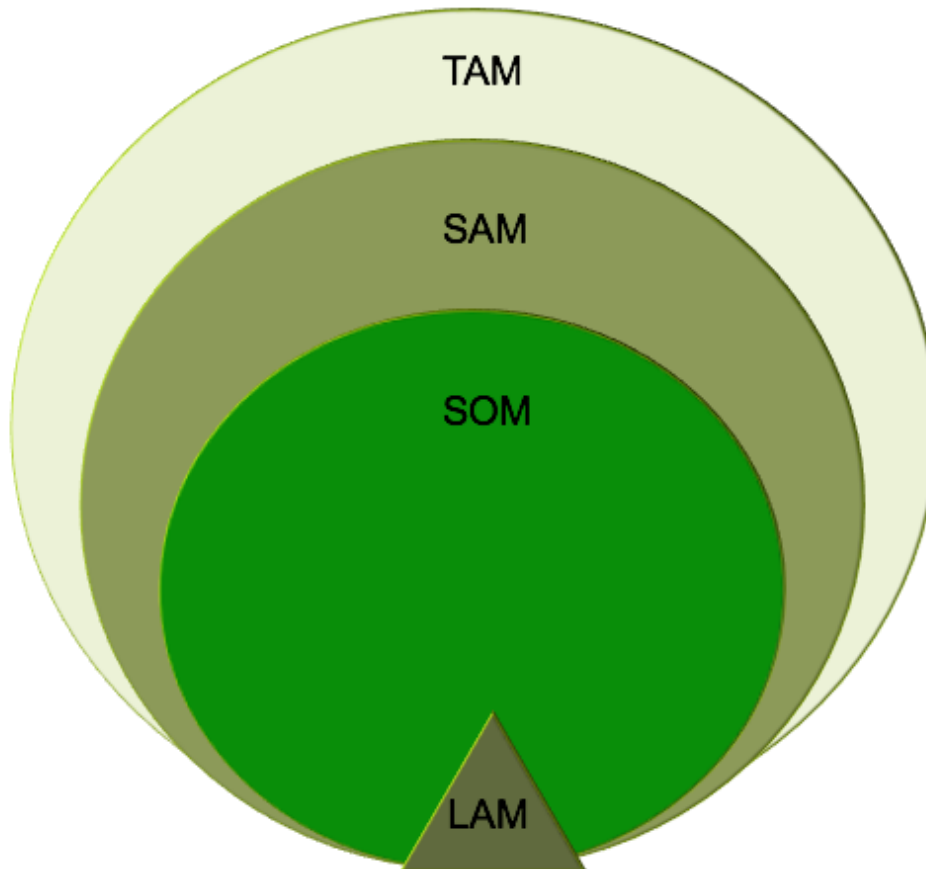
- ▣ Profile
- ▣ Demographic
- ▣ “Name”

# Target Market & Customer

- ▣ Who's your ICP
- ▣ How big is the market

# The Academic Exercise

# Who is the Market & Customer



**TAM** – Total Addressable Market  
**SAM** – Service Addressable Market  
**SOM** – Service Obtainable Market  
**LAM** – Launch Addressable Market.  
Who can buy your product at MVP?

# Total Addressable Market

- ▣ Also called Total Available Market
  - ▣ Think global – launch local
  - ▣ The Upside
- ▣ Calculating – bottom up, Total number of customers X Annual Revenue for your product
  - ▣ Direct Data
    - ▣ Explicate data
  - ▣ Indirect Data
    - ▣ Implicit data
  - ▣ Triangulation Data
    - ▣ A combination of different data sources

# Service Addressable Market

- Or Serviceable Available Market
- The part of the market that can actually be reached
  - Sales and Marketing driven
  - With the features you have now
  - With the product roadmap you have
  - Competition
- Not everyone that might use it, if they found it, if it was in their language and currency

# Service Obtainable Market

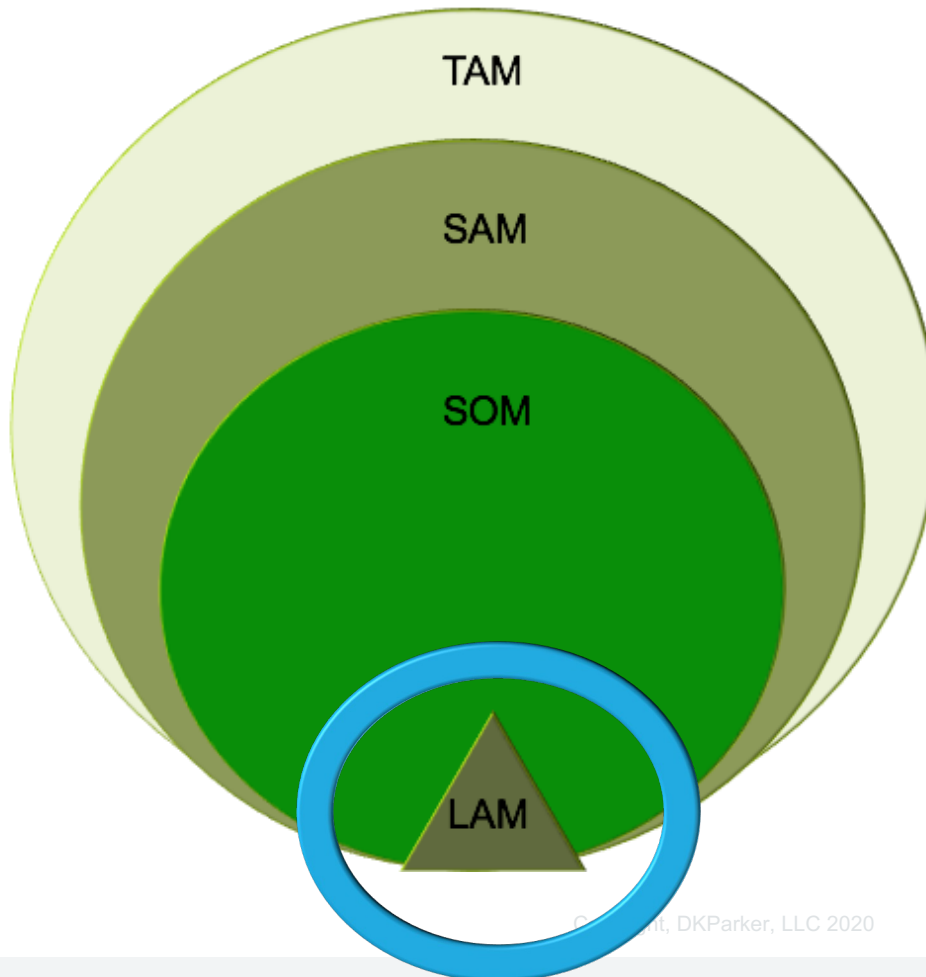
- ▣ The subset of the market you can capture
- ▣ A proxy for short term upside
- ▣ Not Aspirational

# Real World Market Size

# Launch Addressable Market

- ▣ Given you TAM, SAM and SOM – WHO is the customer?
- ▣ And limited features
- ▣ Who can you sell to today?
  - ▣ B2B
  - ▣ B2C
  - ▣ Buyer profile
- ▣ What features will you need to launch to expand your market and price?

# Who is the Market & Customer



**TAM** – Total Addressable Market  
**SAM** – Service Addressable Market  
**SOM** – Service Obtainable Market  
**LAM** – Launch Addressable Market.  
Who can buy your product at MVP?

# 10, 100, 1000 Customers

- Have a plan for how you get your first customers
  - 10 – it's you and your co-founder
  - 100 – still you, maybe one inside salesperson, forming a process to scale
  - 1000 – not you, scalable process
- Your LAM maps to your Go-to-Market (GTM)
  - Customer
  - Value Prop
  - Pricing
  - Marketing Spend and Sales effort

# Market Conditions

- ▣ Nascent/New market
  - ▣ Uber, AirBnB
- ▣ Large markets - >\$100M or \$1B
  - ▣ Large market provide “at bat” opportunities
  - ▣ Small markets suck
- ▣ Headwinds or tailwinds?
  - ▣ Covid

# Who is your customer?

- Product vs. Services
  - Product is something you can deliver or ship – can you make \$\$ while you sleep
  - Services require people to deliver on the value and promise – consulting or a restaurant
- Who pays the bill?
  - A business
  - The Consumer
- The product user and who pays can be different as in Facebook or Google that make money on advertising

# Why/How do they buy?

- ▣ Make Money vs. Save Money?
- ▣ Searching for product
- ▣ Needs to be sold

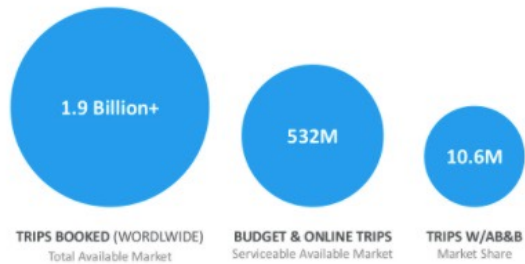
# Bottoms Up Market Size

- How many people can buy your product – given current features/limitations
- How many companies can buy your product – given current features/limitations
- Market Growth
  - Location
  - Region
  - Global

# Market Size Examples

## 2. Airbnb

### Market Size



5

## 4. Square

### The Market

Mobile payments is a massive, rapidly growing but underpenetrated industry



**Opportunity**

- Traditional card readers are **unreliable & expensive**
- Difficult for small business owners to use card services
- Alternative online services are **expensive**

**Market Changes**

- Rapidly burgeoning interest in mobile payments
- NFC tech adoption but credit card usage prevails
- Capturing a loyal user base has huge revenue potential

**Square Positioning**

- First mover advantage
- Scalable across multiple platforms
- Low costs address target customer needs

\*Source: Ate Group

## UberCab

## Overall Market

- \$4.2B annually and growing
- Top 4 players combined only 22% of revenues

### 7.25 THE UNITED STATES

Year	Taxi and Limousine Service (US \$ mln): The United States 2004 - 2014		
	The United States	% of Region	% of Globe
2004	3,858.07	89.89%	22.70%
2005	3,942.95	89.85%	22.42%
2006	4,029.70	89.82%	22.13%
2007	4,118.35	89.78%	21.85%
2008	4,208.95	89.74%	21.56%
2009	4,301.55	89.71%	21.29%
2010	4,396.19	89.68%	21.03%
2011	4,492.90	89.64%	20.76%
2012	4,591.75	89.61%	20.49%
2013	4,692.76	89.57%	20.22%
2014	4,796.00	89.53%	19.95%

Source: Philip M. Parker, INSEAD, copyright 2008, [www.iscomgroupsonline.com](http://www.iscomgroupsonline.com)

# Corporate Structure

# Corp Structures

## LLC – S Corp

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- ▣ Anywhere
- ▣ Cheap
- ▣ Pass thru entity – impacts your personal tax status annually
- ▣ Small Biz

## C-Corp

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- ▣ Delaware
- ▣ Retained earnings and losses
- ▣ HUGE long term tax advantages
- ▣ Qualified Small Biz Stock – 1202 exemption
- ▣ Venture Scale

# Lawyers

- ▣ Packaged price for setup – paralegal filings \$1,500-3,000
- ▣ Bill hourly/6 Min increments = expensive
  - ▣ But they will work to a budget if you ask
- ▣ Good at educating you... s l o w l y

# Finance/Accounting

- ▣ Quickbooks online setup
  - ▣ Chart of Accounts
- ▣ Bookkeeper vs P/T CFO to start
- ▣ Filings
  - ▣ Taxes
  - ▣ HR
- ▣ Can you learn it? Sure. Should you learn it? No