Seed Investing & Dark Dealflow: You Lose 100% Of The Deals You Don't See -Homebrew

Folks outside of seed stage venture often think "winning" deals is the most important part of being a great investor, but I'd argue it's "seeing" the best opportunities that's actually the strongest indicator of future fund success. Or to put another way,

I rather see 100% of the top seed opportunities and win 50% than see 50% and win 100%

What outsiders don't realize is that much of the most intriguing seed startups go through a financing process that's "dark" – not seen by most investors because it's either competitively privileged to a few firms or so against traditional patterns that the walk is more random.

Satya and I track "misses" (NYC and SF/BayArea startups in our areas of interest) as rigorously as the other phases of a traditional "See -> Pick -> Win" funnel. Four years into Homebrew, we're fortunate to feel really good about our relationships and reputations — you live and die by those in our business.
When we do "miss" an opportunity there are two main causes:

1. **Founders With Strong Pre-Existing Venture Relationships** for example, repeat founders going back to

> their same investors and not expanding the pool. What can we do in these situations? Make ourselves tangible in our practices and areas of expertise and build case for founders that these are worth adding to their cap table and will best serve them in their current company. Also seek to build familiarity pre-funding process so that we too can have a "pre-existing" relationship.

2. New Areas of Interest That Our Portfolio Doesn't Yet Represent –

SaaS, Marketplaces, Commerce, Autonomous Robotics, Financial Services/FinTech. These are some of the verticals that our portfolio suggests we have interest and a POV. But at any given time there are areas that we're exploring actively without a current investment, or we've made investments but they're not yet public.

When we "miss" an opportunity the feedback we sometimes hear is "oh, we didn't know you cared about XYZ." So we plan to be a little more open and 'learn in public' about areas of interest. Given our culture – and scale – this is less like to be via large scale "content marketing" and more hands-on learning and sharing of information publicly. Maybe it helps us, maybe it helps founders, maybe it helps other investors too.