

khosla ventures

How to solve the pitch problem

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Problem Overview

What is the problem you are trying to solve?

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Unfair Advantage

Do you have a scientific breakthrough, intellectual property, business-model innovation or a unique partnership? Why is now the right time? If your plan is successful, what economic or market benefit will the technology convey?

Address your innovation in significant detail: Think in terms of science and engineering or business model innovation. Explain the principles of the technology. What, if anything, has been proven? How far is this from commercial scalability? What risks remain to be proven? What are the three major things that could go wrong? Have theoretical models been created or validated? What external third party has validated your models and experimental results? How long will it take to validate the viability of the technology, through experiments or otherwise?

The quality of the team's thinking is important but at this early stage, not its thoroughness. The general goal, with some exceptions, is to explore markets or technologies and validate assumptions or hunches.

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Founder and Team

Who are you as a founder, and why are you qualified to lead this opportunity? What skills or approach do you bring to this problem? What technical skills will your team need to add? Do you envision yourself as the long-term CEO or in another role? The focus is mostly on you, your goals and your technical team. Why are you uniquely qualified to solve this problem? Are the founders thought leaders or associated with thought leaders in the field?

People, who are key to your innovation, matter to us. What is the role of every member of your current team? Are they all working toward mitigating your primary risks, or are they working on non-critical development that can be addressed later? Are they the best possible people for meeting your current milestones? Which critical people who could address your key risks are missing, and where can you find them?

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Market/Competition

Do you have a good understanding of your competitive landscape? Are you comparing your company against technology competition in areas that matter to the end customer? Are you comparing your future product to your competitor's current product or to their future product? Is your innovation addressing a need in a large enough market (over a billion dollars)?

How significant a step forward is represented by technology or innovation? What impact will it have on the competition? Why can't a competitor replicate your plan tomorrow? Why have other players in the field missed out on the innovation?

5 | Risk Reduction Milestones/Financials

It's important to understand your path to mitigating the risks you face. What risk reduction milestones will this financing help achieve? What are your future milestones, and how much capital will you need to achieve each? What is the company status and burn rate at each of these milestones? What are your contingency plans if things don't go well? Is the amount you're seeking in line with the risk-removal milestones you've outlined? What is your total and operating cash burn (the amount you're spending) per month, in case months stretch into years?

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What Doesn't Matter: Seed Fund

“We project \$xM revenue in five years.”

Your five-year marketing financials and revenue projections are a shot in the dark. All forecasts are wrong (including ours). Instead, focus on your burn rate and your path toward achieving risk reduction milestones at the lowest cash consumption rather than false precision at this stage.

“We expect to grow from 50M to 150M users in x-time frame.”

We're more interested in how you acquire and keep your initial customers. Plans often fail to explain how the founders will bootstrap themselves in startup mode. How will you get to a target customer base in the first few months or quarters? Details matter more than broad, unsupported assumptions or claims. If you have indicators or solutions to the bootstrapping risk, that is important to us.

“I have the next Facebook / Google / Airbnb.”

If your business plan is built on copying what existing companies are already doing, you are unlikely to succeed. Instead, explain to us why you are the first in your field. We are skeptical if your idea is “a better social network than Facebook”. Building another “me too” product with slightly better features is seldom our cup of tea.

“I have a complete business plan. I just need funds to make it happen.”

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