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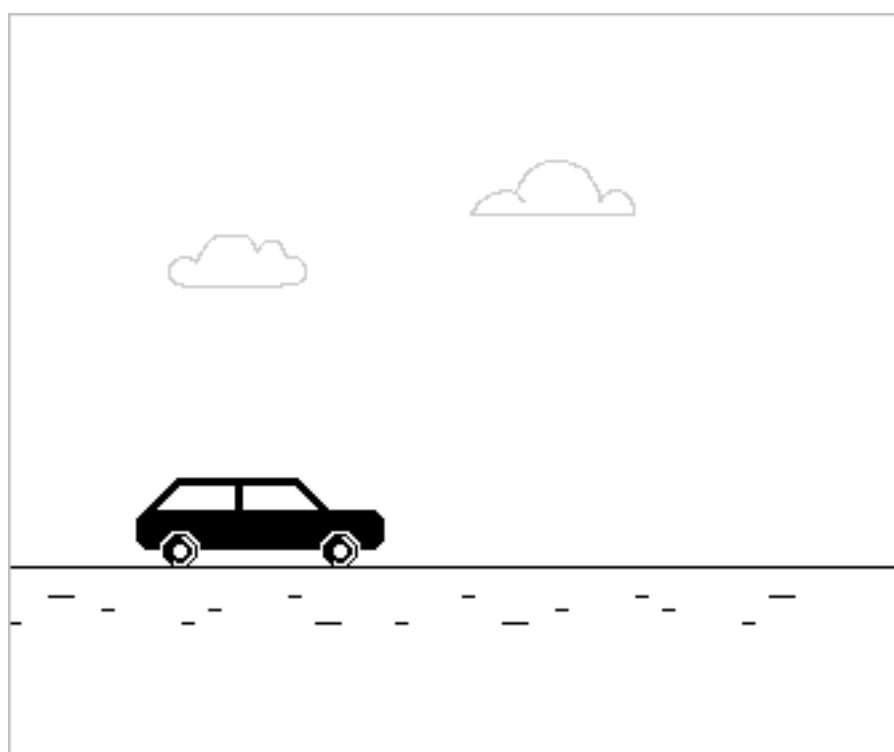
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Last updated: March 15, 2016 at 14:31 pm

# 5 Questions You Need to Nail if You Want Your Startup to Raise Funding

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Sometimes knowing the right questions is more important than having all the answers. In a startup environment, this would form the fundamental reason for your existence. When it comes to funding, how would one determine whether the criteria of getting funded is being met.

Simply, put there is no black and white method which textbooks can teach you; this has to come from the depth of wisdom which you have accumulated.

We bring you our understanding on 5 questions which could enable your startup to be eligible to raise funding.

## 1) What is the problem you are trying to solve?

First things first, what are you trying to achieve, or what issue are you trying to fix/ resolve. There has to be a clear problem. Don't get into it unless your solution is 10 X better and 10 X cheaper or faster than the existing one.

Those who would remember the Maruti Swift revamp, a few years ago, would relate to this example. When Maruti decided to revamp their most sought after hatchback car, Swift, they didn't do much. Not because they did not have the understanding or the creative capability, their logic was why to fix something that's not broken. So Maruti Swift got away with just those sleek indicator lights.

## 2) Market size & Competition:

So you have identified the problem and have a 10 X better, faster, cheaper solution. The next obvious question is do you have the market for it. The size of the market would dictate any kind of business scale. If you don't have the market for a particular product or service, there is a good chance that investors would not support. Also, if there are big players who already have a hold on the segment, there is very little ground a new startup can hope to gain. Investors typically prefer markets to be USD 1bn to commit to any kind of investments.

## 3) Scalable operational model:

Any investor wanting to invest money will definitely look at the scalability of the operations model. Technology will play an important role in scaling up operations. Investors would be keen to know how tech will improve sales, more than that they would be interested in knowing how can technology application costs be reduced. Having a plan on technology cost reduction would go a long way in attracting investment.

## 4) Network effect:

Customer acquisition is by far the biggest challenge any startup with a B2C focus would face. Especially in the service industry referrals work miracles. Take Uber, for example, their referral code tactic helped them win a lot of business in new markets and went a long way in acquiring customers. If the product or service is interesting enough to be referred by customers using it, acquiring one customer can have a multiplier effect.

## 5) Why you & your team:

All successful startup's know and believe that while the solution is important, the team is equally critical. So don't be surprised if investors question you and your team on the capability to provide this solution or service. They will be looking to connect passion with skillset. So having relevant answers and examples/ data to back your claim would show preparedness. Having a team based on merit and not on personal relationships would go a long way in building credibility.

When you have answered all these questions and are a reasonably successful startup, we urge you to ask yourself 'Do you need the funding'? You need to have a clear plan on the way forward and how the funds would be utilized. We believe when the

other ticks are present, this question would make or break the deal.

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About the Author: **Pranav Maheshwari**, Co – Founder Vista Rooms, loves all things tech and is the Head of Technology at Vista Rooms. Pranav is a complicated mix of a VJTI – IT grad and an XLRI double Masters in Finance and Marketing. When he is not being challenged technologically at Vista Rooms, he watches Bollywood movies.

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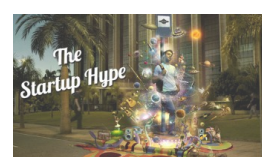
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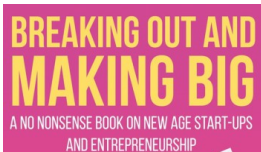
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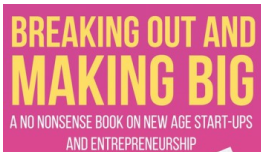
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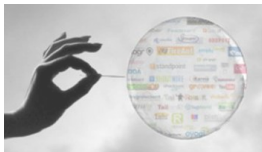
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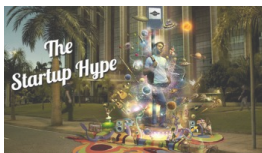


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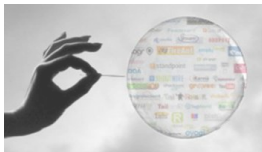
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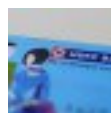
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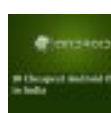
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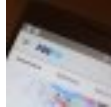
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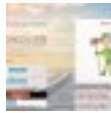
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