

COMPANY EXECUTIVE DOCUMENT: Problem-First Startup Validation (PFSV)

1. THE CORE PROBLEM: The Startup Waste Crisis

The current startup ecosystem is defined by a massive destruction of capital and human energy. While building technology has become cheaper, building the *right* product has become harder.

- **Global Context:** According to CB Insights research, **42% of startups fail** because there is "No Market Need". This is the single largest cause of failure, far outweighing funding (29%) or competition (19%).
- **The India Reckoning:** In 2025, over **11,000 Indian startups shuttered**, a 30% increase from the previous year.¹ Approximately 90% of Indian startups fail within five years.
- **The Validation Gap:** Founders frequently confuse "polite feedback" with "market demand." Research shows founders tend to overestimate their idea's value by as much as **255%**, leading to the "zombie startup" phase—operational but stagnant .

2. OUR PHILOSOPHY: Survival through Scientific Disproof

We believe that **Problem Strength** is the only reliable predictor of success. We do not validate features; we validate the "Job-to-be-Done" (JTBD) .

- **Pain over Features:** If the problem is not a "Top 3" priority for the user, they will not pay to solve it.²
- **Evidence over Opinions:** We do not ask users what they *might* do; we measure what they *have done* .

3. OPERATIONAL MODEL: The 30-Day Validation Sprint

We provide **Confidence-as-a-Service**.⁴ Input: An Idea. Output: A definitive **GO / PIVOT / KILL** decision backed by behavioral proof.

Phase 1: Problem Stress-Testing

- **Framework:** 15–20 structured "Mom Test" interviews focusing on past behavior and current hacks .
- **Metric: Problem Stack Ranking.** We ask users to rank their daily struggles; if your product doesn't crack the top 3, we flag a "Pivot".³

Phase 2: Behavioral Demand Experiments

- **Action:** Build a high-fidelity "Smoke Test" landing page or WhatsApp funnel (no code required).⁶
- **Data Tracking:** We measure **Activation Rate** and drop-off points at the pricing page.⁷

Phase 3: The Money Signal (Mandatory)

We do not believe in validation without a financial commitment. Successful validation requires at least one:

- Paid pre-order via digital escrow .
- Paid pilot or signed B2B Letter of Intent (LOI).⁶

Phase 4: Risk Mapping & Founder Fit

- **Analysis:** We assess switching costs and market saturation .
- **Output:** A 0–100 **Validation Score** and an investor-ready "Bankable Validation Pack" .

4. COMPETITIVE DEFENSE: Why UserTesting.com is not enough

While UserTesting.com is an industry leader in **Experience Research**, they represent a "Recording Platform," whereas we are a "Strategic Judge."

Dimension	UserTesting.com (2026 Features)	PFSV (The Verdict Engine)
Output Type	Video recordings, transcripts, and AI sentiment mapping. ¹⁰	Definitive GO / KILL strategic verdict with accountability. ¹²
Data Depth	Descriptive (What users did, where they clicked) .	Prescriptive (Why they won't pay, how to pivot). ¹⁴
Focus Area	UI/UX Usability (Can users find the button?). ¹⁵	Business Viability (Should the startup exist?). ¹²
Commitment	Captures "People-Pleasing" opinions. ¹⁸	Forces real "Money Signals" and financial intent .

AI Integration	"AI Test Creation" and automatic smart tags. ¹⁵	AI used for scaling, human used for decision intelligence. ¹⁴
-----------------------	--	--

Strategy Note: We can leverage UserTesting.com's reports to analyze tactical UI issues, but their AI-driven results are typically for "rough drafts" and lack the precision required for high-stakes business model decisions.²²

5. TECHNOLOGICAL EDGE: Why AI alone can't do what we do

AI is our accelerator, but it cannot be our judge. The emergence of "Synthetic Users" (AI personas) creates a dangerous "**Hallucination Gap**".²³

1. **The "Lived Experience" Gap:** AI lacks the messy reality of being human. A synthetic persona will never rage-click because of a cultural nuance or get distracted by a crying baby in the background.²³
2. **The Sycophancy Problem:** AI-generated users are inherently "people-pleasers." They tend to praise every idea because they are programmed to be helpful, leading to false positives and the "Hallucinated Customer" trap.²⁴
3. **The Unprecedented Failure:** AI works by interpolating historical data. It fails catastrophically when predicting behavior for groundbreaking or "unknown unknown" technologies where no prior data exists .
4. **Accountability & Liability:** You cannot outsource responsibility to an algorithm. In the 2026 regulatory environment (India DPDP Act), firms remain fully liable for advice outputs; an algorithm cannot provide the "Trust Moat" or human oversight required by high-stakes investors .

1. Refined Pricing Architecture (Early-Stage Focus)

Instead of selling to investors, we are now selling Time-to-Traction. We help the founder get their first "Yes" from a real customer.

Package	Best For	Price	What they get (Deliverables)
Name		(INR)	
The Sanity Check	Students / Side-Hustler	₹4,999	72-hour audit, industry gap analysis, and 1 "Kill or Build" expert call.
	s		

The Truth Hunt	Solo Founders	₹15,999	10 "Mom Test" interviews, problem stack ranking (Top 3 pains), and a report on current user "hacks".
The Revenue Pilot	Pre-Seed Teams	₹49,999	We build a "Fake-Door" landing page, run ₹5k in ads, and collect Proof of Intent (e.g., waitlist data or pre-order clicks).

Why this works: It moves the focus away from "investors" and puts it back on Revenue. Founders will pay ₹49k if it helps them find their first 10 customers.

2. The Non-Typical Revenue Stream: "The Truth Index" (Data Licensing)

Most agencies sell their time. To survive and grow "multi-fold," you should sell your Insights.

The Model: B2B Data Subscription

As you run hundreds of "Sanity Checks" and "Truth Hunts," you will own the most valuable data in India: What problems are actually hurting people in 2026?

- Who buys it: Venture Capital (VC) firms and Corporate Innovation labs (like Zomato or Reliance).
 - The Value: VCs are always looking for "Deal Flow" and "The Next Big Thing". You can sell them a monthly "Problem-Market Fit Report" showing which sectors (e.g., AgriTech in Tier 2 cities) are showing the highest "Pain Intensity" scores.
 - Pricing: Charge VCs a monthly retainer (e.g., ₹50,000/month) just to access your anonymized database of validated problems. This is passive income that doesn't require extra labor.
-

3. Expanded Operational Cost Breakdown (Monthly)

To keep your pricing low, you must automate the "grunt work" using AI.

Expense Category	Monthly Cost (INR)	Impact on Survival
Core Team (2 Interns)	₹28,000	1 Research Intern + 1 Design Intern (AI-assisted).
The "Truth Hub" Software	₹6,000	AI agents for transcript summary + landing page builders.
Cloud & Data Storage	₹1,500	Securing your proprietary "Truth Index" database.
Lead Generation (Your Ads)	₹10,000	Targeted LinkedIn ads to find founders in "Danger Zones" (HealthTech/D2C).
Trust Layer (Legal/Ins)	₹2,000	Professional Indemnity Insurance to protect your "KILL" verdicts.
Total Burn	₹47,500	Break-even: Just 10 "Sanity Checks" per month.

6. REVENUE & SUSTAINABILITY MODEL

Part 1: The Master List of Deliverables

Regardless of the package, these are the individual high-value items we can provide to a client:

1. **Strategic Research:** Industry gap analysis, competitor "white space" audit [1], and bottom-up market sizing (TAM/SAM/SOM).
 2. **Human Signals:** Structured "Mom Test" interviews, problem stack ranking (finding the user's top 3 pains), and pain intensity scoring.
 3. **Digital Evidence:** High-fidelity "Fake Door" landing pages, intent-based ad sprints (Meta/LinkedIn/Google) [2, 3], and heatmaps/behavioral funnel tracking.[1, 4]
 4. **Financial Proof:** Digital escrow setup for pre-orders [5, 6], willingness-to-pay benchmarks, and revenue-path modeling.
 5. **Advisory Verdicts:** 1-on-1 "Kill or Build" expert consultation [7, 8], strategic pivot roadmaps, and a "Validation Strength" certificate for credibility.[9]
-

Part 2: Categorized Packages (India 2026 Model)

Package	Cost	Key Deliverables Included
The Sanity Check (Student/Side-Hustler)	₹4,999	Desk research audit, competitive gap report, Problem Strength Score (0-100), and one 30-min "Kill or Build" expert call.
The Truth Hunt (Solo Founder)	₹15,999	Everything in Sanity Check + 10 Human "Mom Test" interviews, Problem Stack Ranking, and a report on current user "hacks" (what people use today to solve the pain).
The Revenue Pilot (Startup Teams)	₹49,999	Everything in Truth Hunt + a High-Fidelity "Fake Door" landing page, 7-day targeted ad sprint, and a verified Intent Action report (clicks-to-buy vs. signups).

Part 3: Secondary Revenue Stream: "The Truth Index"

To survive and scale your business multi-fold [10], you will use the data you collect to build a **Data Licensing** model.

- **The Model:** Every validation sprint you run generates proprietary data on "Hair-on-Fire" problems in specific Indian sectors (e.g., healthcare in Tier 2 cities).[11, 12]
- **The Customer:** You sell an anonymized, monthly subscription to **Venture Capitalists (VCs)** and **Corporate Labs**. They pay you to see which problems have the highest "Pain Intensity" and "Willingness to Pay" scores before they decide which startups to fund or build internally.[13, 14]
-

7. LONG-TERM VISION: India's Startup Risk Index

We aim to move from a service provider to a **Venture Authority**.

- **Phase 1:** Managed Validation Service.
- **Phase 2:** The "Validation Badge"—a signal to VCs that a product has verified demand .
- **Phase 3:** India's Startup Risk Index—using our proprietary behavioral database to predict sector-wide survival rates .

8. LEGAL & COMPLIANCE (India Context)

- **Liability Protection:** We carry **Professional Indemnity (Errors & Omissions)** insurance to protect against service mistakes, with ₹1 Crore cover starting as low as ₹1,770/year .
- **Money Signals:** We utilize **RBI-compliant digital escrow** (e.g., RazorpayX or Castler) to hold pre-order funds, providing the ultimate proof of "Willingness to Pay" without taking on transaction risk ourselves .

Final Shift: We are not building a marketing agency. We are building **India's Pre-Build Truth Layer**.

Works cited

1. India's Startup Reckoning 2025: Data-Driven Analysis of Market Correction, accessed February 16, 2026,
<https://deutsche.dk/blogs/india-startup-reckoning-2025-market-correction>
2. Research Highlights | Aticus Peterson | Can AI Outperform Humans ..., accessed February 13, 2026,
<https://www.stern.nyu.edu/experience-stern/faculty-research/can-ai-outperform-humans-strategic-decision-making>
3. Best AI Market Research Tools: The 2026 Buyer's Guide | Ditto, accessed February 16, 2026,
<https://askditto.io/news/best-ai-market-research-tools-the-2026-buyers-guide>
4. (The Weekend Insight) - The Rise of Pre-PMF Agencies: How Startups Now Validate Before They Build, accessed February 16, 2026,
<https://www.startupchai.in/p/the-weekend-insight-the-rise-of-pre-pmf-agencies-how-startups-now-validate-before-they-build>
5. Boost Agency Profitability by Improving Your Gross Profit Margin - Anders CPA, accessed February 13, 2026,
<https://anderscpa.com/learn/blog/agency-profitability/>
6. The Ultimate Startup Guide With Statistics (2024–2025) | Founders ..., accessed February 13, 2026, <https://ff.co/startup-statistics-guide/>
7. The Pre-Seed Funding Hierarchy: What 25 January 2026 Startups Reveal - neosfera, accessed February 16, 2026,
<https://neosfera.io/insights/pre-seed-funding-hierarchy-2026>
8. AI Pricing in 2026: SaaS pricing models that actually work - Valueships, accessed February 16, 2026, <https://www.valueships.com/post/ai-pricing-in-2026>
9. Should young founders build for Indian B2B ? : r/StartUpIndia - Reddit, accessed February 16, 2026,
https://www.reddit.com/r/StartUpIndia/comments/1quo940/should_young_founders_build_for_indian_b2b/
10. UserTesting and Artificial Intelligence – Knowledge Base Home, accessed February 16, 2026,
<https://help.usertesting.com/hc/en-us/articles/13268801005469-UserTesting-and>

-Artificial-Intelligence

11. 350+ Generative AI Statistics [January 2026] - Master of Code, accessed February 16, 2026, <https://masterofcode.com/blog/generative-ai-statistics>
12. AI in UX research: 2026 trends and impact - UserTesting, accessed February 16, 2026, <https://www.usertesting.com/resources/podcast/customer-trends-ux-research>
13. Insurance for Startups in India – Protect Your New Venture | KaroInsure, accessed February 16, 2026, <https://karoinsure.com/blog/insurance-for-startups-in-india>
14. 10 Decision Intelligence Platforms to Consider in 2025 - Domo, accessed February 16, 2026, <https://www.domo.com/learn/article/decision-intelligence-platforms>
15. The future of customer insights at UserTesting in 2026, accessed February 16, 2026, <https://www.usertesting.com/resources/podcast/smarter-faster-customer-insights>
16. B2B Pricing (2026 Guide): Strategy, Models, Optimization & Real-World Examples That Protect Your Margin - Omnibound, accessed February 16, 2026, <https://www.omnibound.ai/blog/b2b-pricing>
17. Preview of 2026: Synthetic data | Feature - Research Live, accessed February 16, 2026, <https://www.research-live.com/article/features/preview-of-2026-synthetic-data/id/5145656>
18. Are AI-Generated Synthetic Users Replacing Personas? What UX Designers Need to Know, accessed February 16, 2026, <https://www.interaction-design.org/literature/article/ai-vs-researched-personas>
19. Professional Indemnity Insurance - Policy bazaar, accessed February 16, 2026, <https://www.policybazaar.com/commercial-insurance/professional-indemnity-insurance/>
20. Sentiment analysis - UserTesting Knowledge Base, accessed February 16, 2026, <https://help.usertesting.com/hc/en-us/articles/11880360064029-Sentiment-analysis>
21. 15 Best Pricing Strategies for SaaS & Startups | 2026 - IdeaProof, accessed February 16, 2026, <https://ideaproof.io/lists/pricing-strategies>
22. AI insight summary - UserTesting Knowledge Base, accessed February 16, 2026, <https://help.usertesting.com/hc/en-us/articles/13268691111453-AI-insight-summary>
23. Performance Marketing and the Problem with Guarantees : r/agency - Reddit, accessed February 13, 2026, https://www.reddit.com/r/agency/comments/1n66u8g/performance_marketing_and_the_problem_with/
24. The "Synthetic" vs. "Organic" User Debate: Where Do We Draw the Line in 2026?, accessed February 16, 2026, <https://www.userology.co/blogs/synthetic-vs-organic-user-research-2026>
25. Synthetic Responses in Market Research: Promise vs. Reality in 2025, accessed February 16, 2026,

<https://developmentcorporate.com/saas/synthetic-responses-market-research-2025/>

26. Digital Marketing Agency Pricing: Complete 2026 Guide to Costs, Models & ROI, accessed February 16, 2026,
<https://influenceflow.io/resources/digital-marketing-agency-pricing-complete-2026-guide-to-costs-models-roi/>
27. Agency Profit Margins: 2026 Benchmarks and How to Improve Yours - Iota Finance, accessed February 16, 2026,
<https://iota-finance.com/iota-finance-blog/agency-profit-margins-2026>
28. AI In Marketing Statistics: How Marketers Use AI In 2025 - SurveyMonkey, accessed February 13, 2026,
<https://www.surveymonkey.com/learn/marketing/ai-marketing-statistics/>