



Predicting Startup Success

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Methodology

DATA:

- Crunchbase API

GOAL:

- Provide an initial screener to predict whether a startup would succeed in 10 years

ASSUMPTIONS:

- IPO & M&A = Successful
- More than 10 Years since first funding | Last funding more than 3 years ago = Failed

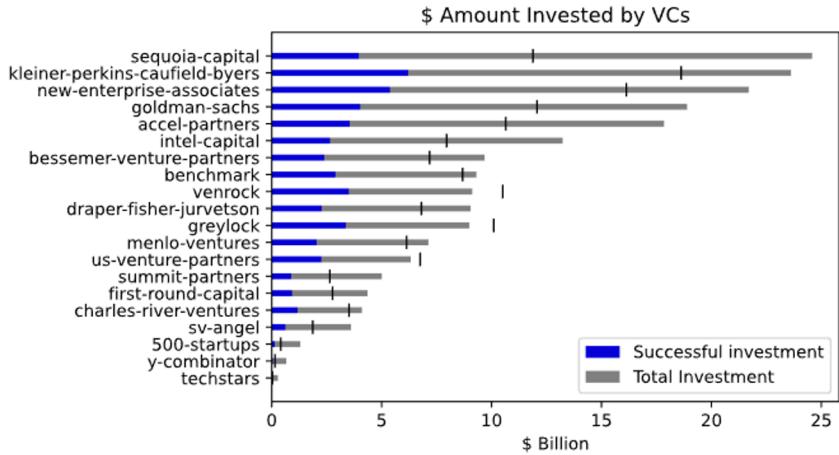
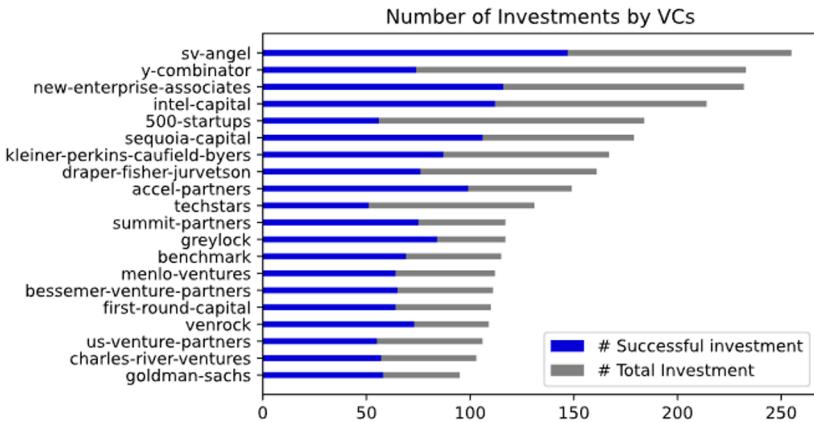
Two Biggest Problems for VCs

Operating in low-information environment

Particularly in the case of early stage investments. Evaluating founders based on relatively brief meetings, business model with no record of sales, etc

Reliance on outliers

The need for one or two companies to perform exceptionally well to deliver attractive returns for portfolio



Most Top VCs make successful investments

1 in 2 investments are successful for Top VCs

Successful investments does not translate to returns

There is a need for huge outlier to compensate for loss in investment

Model & Relevance

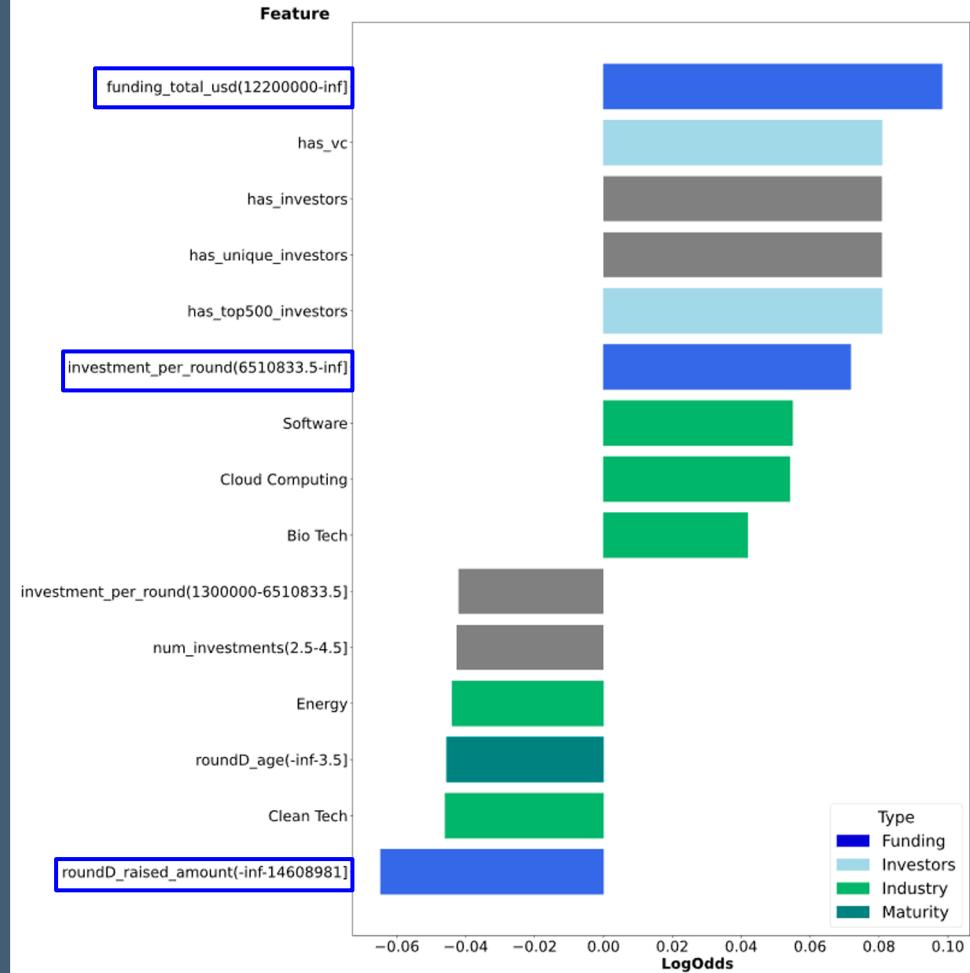
MODEL:

- Logistic Regression

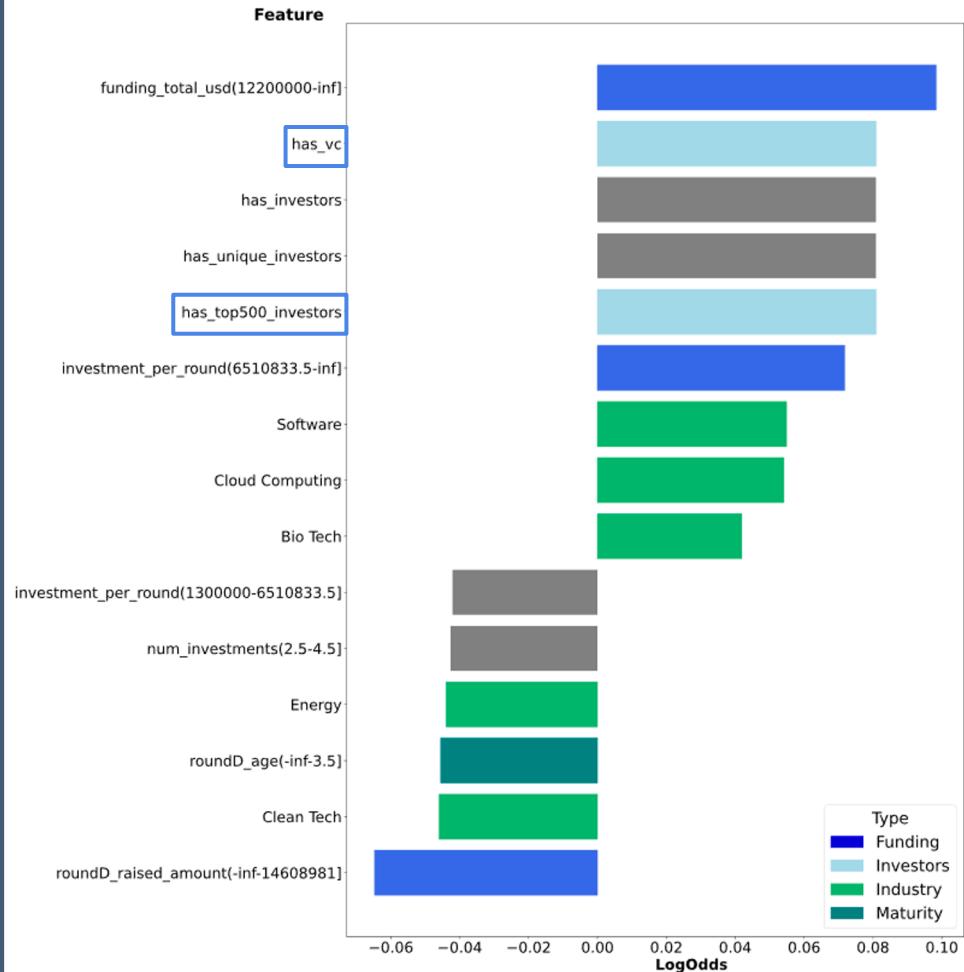
METRIC:

- Recall Score - $TP / (FN + TP)$
- 91%

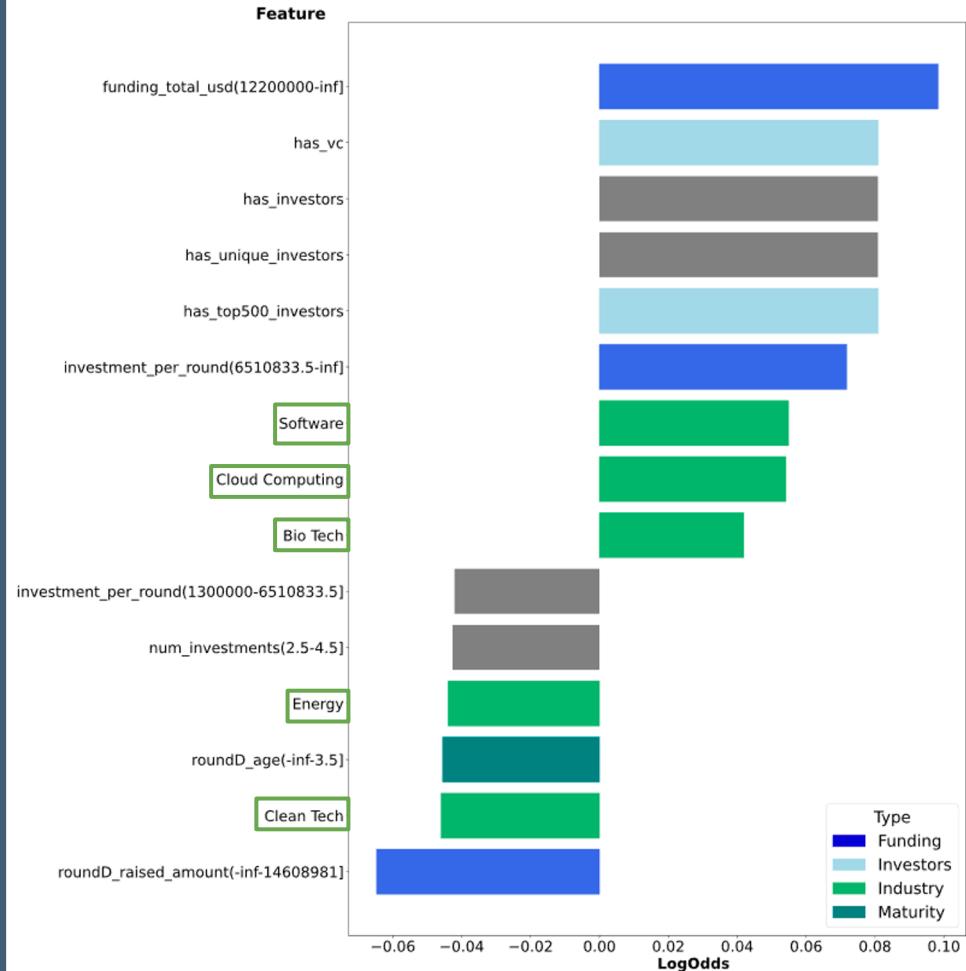
Amount of Funding Is Crucial



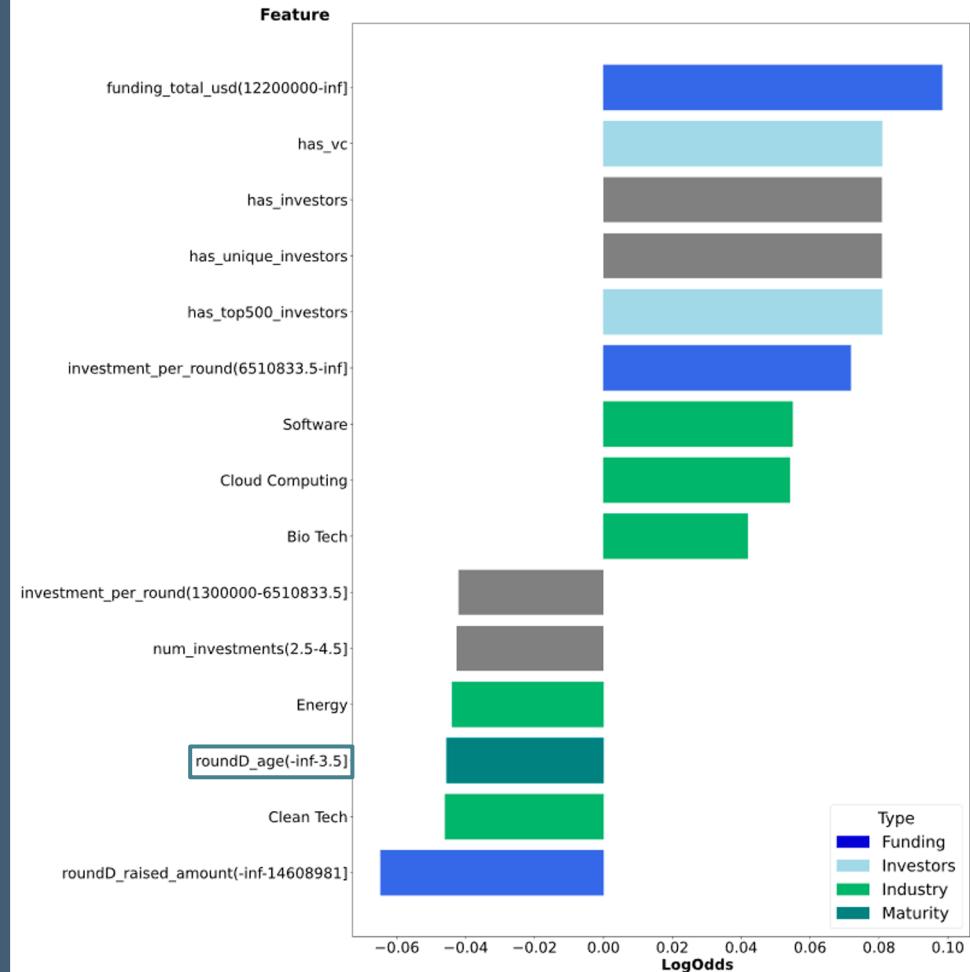
Gaining Credibility Is Important



Market with Large Potential Users



Timing Is Everything



Startup Prediction x +

127.0.0.1:5000 METIS Stocks Interviews 95-865 Unstruct... Distribution tool School

Predict Startup Success

Enter the following values to predict whether a startup is worth an investment

Choose a Category: Advertising

Choose a State: CA

Number of Funding Rounds: 0

Number of Investments: 0

Number of Top 500 Investors: 0

Is VC Backed: No

Founded Year: 2014

First Funding Year: 2014

Round A Funded Year: 2014

Round B Funded Year: 2014

Round C Funded Year: 2014

Round D Funded Year: 2014

Total Funding : \$1M

Round A: No

Round A Amount: \$1M

Round B: No

Round B Amount: \$1

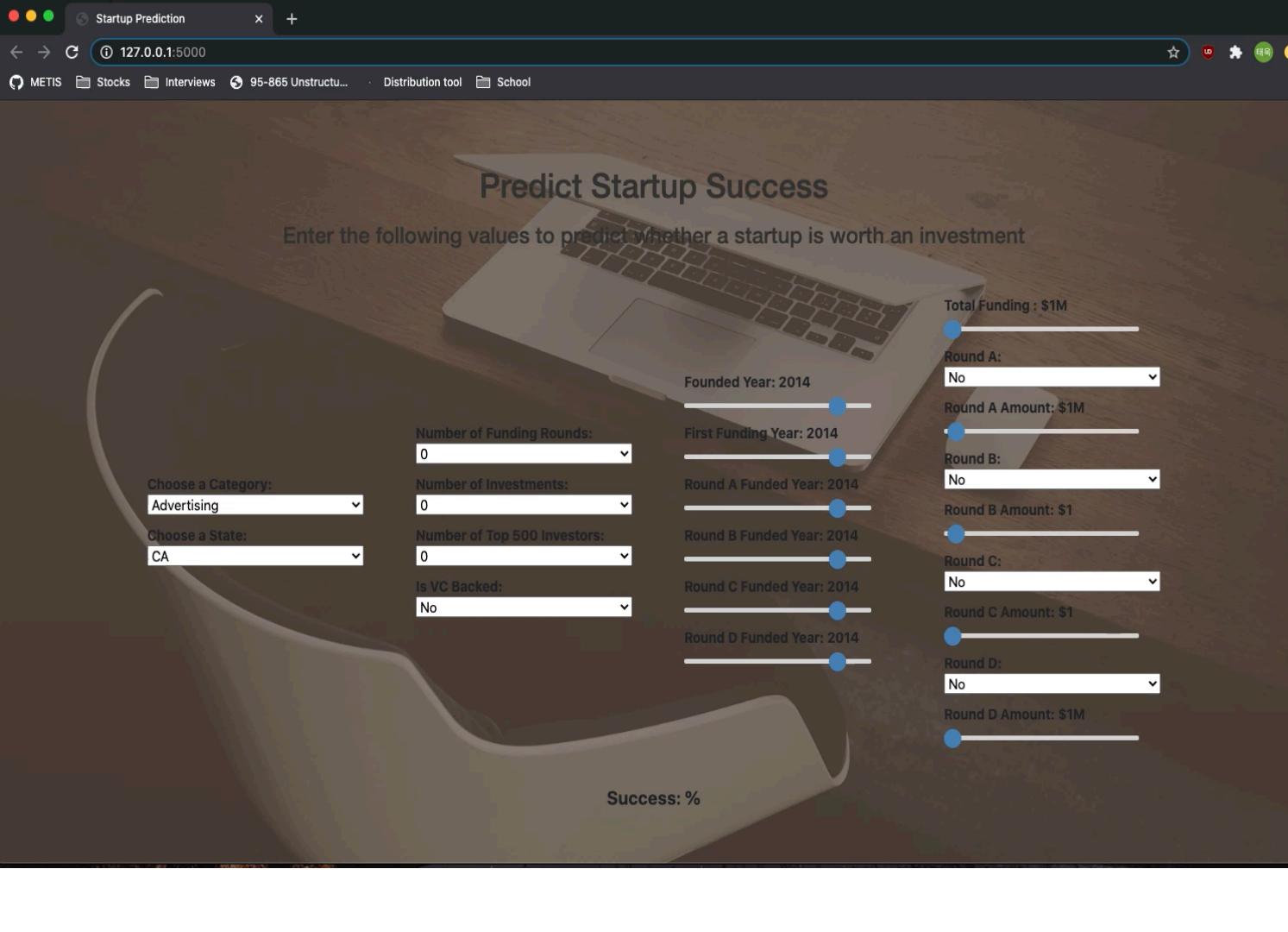
Round C: No

Round C Amount: \$1

Round D: No

Round D Amount: \$1M

Success: %



Web App

Questions?

Credits

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