Useful links:

* <https://github.com/ravi-s/RateStartup>
* <https://youtu.be/C27RVio2rOs> // Michael Seibel – building product
* <https://www.youtube.com/watch?v=Dlgt1Ydbfas> // AMA with Rohit Goyal from windrose
* <https://www.youtube.com/watch?v=Fkem1VKeBU4> // AMA with Rohit Goyal from windrose

9th Nov, 2020

We will create a comprehensive methodology of rating the startups to achieve the following:

1) We will quantitatively evaluate a company as much as possible

2) The startups would feel that we are comprehensive and they would be impressed

3) The VCs would feel that we are comprehensive and they would be impressed

You may add to the above, but for me, these three objectives (one has a true value and the other two have marketing value) are core.

16th Nov, 2020

Trying to recap what we discussed yesterday:

1) Decision taking by a VC includes (i) subjective & (ii)objective assessment. We are trying to create a model only on “objective assessment”, and we are trying to do this in “convincingly better” ways than them. The methodologies adopted by us ought to be not only “better”, but “convincingly better”

2) In order to create this “objective assessment”, we have to come up with a “rating system” to evaluate startups which should be fairly exhaustive

3) We should also have communication content (not more than two paragraphs) one for VCs and another for startups who would be “impressed” with our quality & competence

Additional points:

1) At first, one has to build a desire within himself to do this. One good way of doing this is to imagine where we are in a year from now, and whether we are relishing it and pushing on to go further

2) The critical part of all models including this is “speed”. We should move as fast as possible

23rd Nov, 2020

We discussed the following: (add if I have missed any)

The rating system should have considerable market value, i.e. there should be “clearly highlighted” points where both VCs & startups (our two customers) would listen to us. Else if we put the same generic evaluation system (however comprehensive or exhaustive it may be) in the same language as prevalent in industry, neither of the two customers would be motivated to listen to. A VC may not take in kind manner if we tell him that his evaluation is not exhaustive

This presents a “marketing” scenario before us, i.e. how to “market” our service, i.e. evaluation system.

One good way that I particularly feel is to take help of methodologies adopted by world class rating company like Moody’s and desi ones like CRISIL or ICRA

30th Nov, 2020

* 1. We will create a good folder & document design in github for effective storage of information
  2. We will cross-reference readable links (including audio & video links). In this age of overload of information, we should select only recommended links for others to read
  3. Crudely putting the system of evaluation
     + We have to decide final attributes for each segment of startup, (i.e. either fintech or SAAS). Let’s say, they are X1,X2, X3, etc. For example, X1 = founders’ knowledge & work-exp in the segment.
     + For each X, we have to quantify how much the company earned out of a total of 10 (say, 7 out of 10)
     + We have to decide weightages of each X, say a1 for X1, a2 for X2, etc
     + Then we compute Z = a1X1, a2X2, …………
     + If Z > Z(AAA), then the company is AAA graded
  4. Crudely putting implementation plan
     + The entire exercise of reading materials, listening to founders and VCs should be with the objective of creating multitude of questions so as to determine a set of X & a
     + how to evaluate value of each X for a startup (a’s are already determined)
     + To successfully assign a rating, we must have access to objective, independent, and sufficient insider information – i.e. research on them through net, get their employee feedback, view their work culture, get their cap table and find out relationship of founders and investors, etc etc
     + Evaluation of business risks through industrial analysis & peer comparisons
     + It’s important to understand the trends in different segments of startups – retail, mobile, cloud, etc. Hence experts’ observation on the trend has to be considered almost on quarterly basis
  5. Heuristic vs numeric: currently the VCs evaluate a startup on their own heuristics which may not be optimal. This may be practical and the judgement may have come from experience and intuition. But
  6. Inference chain: a set of AND & OR metrics – If a startup has good product AND good marketing plan, it has more chance to succeed t’s still rule-of-thumb and a sort of trial-and-error approach. Whereas numeric approach is quantitative and optimal
  7. Qualitative data: probably use a simple way (say, yes/no binary form) to represent qualitative data. Do not put qualitative data into quantitative calculation as it makes it very complex. Examples of qualitative data: founders’s quality, cohesion of founders, sectors’ competitive forces. Qualitative attributes should only be evaluated through experience and intuition