Judgement Criteria

The following judgment criteria should cover most aspects of early stage start-ups:

# Team

This would include qualitative and quantitative measures of the team behind the start-up, starting from the founder:

* Serial Entrepreneur
* Success Rate
* Family Background
* Total Work-ex
* Domain expertise
* Education

And also the rest of the team:

* Team Size
* Average Experience
* Quality of Experience

This might also include team members who are external to the start-up itself, such as:

* Advisers
* Previous Investors
* Strategic/Technology Partners

# Business Model

This would be the broadest category, covering all aspects of the ‘idea’ behind the start-up:

* Industry/Domain -
* Product/Service
* Platform
* Market(total market cap)
* Competition(market cap of start-up being valued)
* Revenue Model .
* Risk profile(liquidation value/scrap value in worst-case scenario) .
* Unique Selling Point .

# Performance

This would include metrics relating to the ‘execution’ so far:

* Yearly/Quarterly/Monthly revenue (ask for all three)
* Profitability (Unit/Gross)
* Number of users (Applicable for service/product)
* Patents (mostly applicable for tech start-ups) - stages
* Readiness to roll-out Product prototype(for product based start-up)/ app ready(for service based start-up)
* Percentage dilution of ownership

funding

1.total equity funding amount (vc/angel)

2.number of funding rounds

3.number of investors

4. money raised at IPO

Since there are so many revenue models out there , what i suggest is that we choose some of the most followed revenue models and create a checkbox kind of thing for them to choose the appropriate model . like

1.Ad-based revenue model

2.Transaction revenue model

3.subscription revenue model / Product is free but services aren’t.

4.web/direct sales

if it doesn’t belong to any of the above . let them just write a few sentences regarding their model and we shall assign an appropriate model later.

after choosing this. we shall ask them what you suggested

* Revenue - We would ask two things: a. Whether a revenue model has been chalked out or not? b. According to the model, what is the projected revenue in 3 months/1 year? This would give us an idea whether the start-up has thought about revenue generation, as well as give us information what the expected revenue collection will be.(open for discussion)

let’s ask them to answer questions regarding platform (tapped/untapped thingy)

regarding the risk factors(9 would be too may , we shall generalize them a bit) i feel we can group them under the following categories and rate them low/medium/high as your suggestion

* Product related risk

1.Your user base is growing organically at a moderate rate.

2.Your user base is growing quickly through affordable paid acquisition.

3.Your user base is exploding through referrals and word of mouth.

4. Do they have a functioning prototype ?

5. 3 month / 6 month data regarding userbase

6. Break even period

7. if funding is stopped how long would th startup last

* market risk

1.

* competition risk

1.Barrier to entry is high

Barriers to entry are the existence of high startup costs or other obstacles that prevent new competitors from easily entering an industry or area of business.

2. Large corporations involved

3.number of competitive products similar to your’s

i feel team/sales/recruiting risks are quite subjective might not fetch us what we expect.