

Endiya's Seven-Step Guide to Evaluating a Startup for Investment

Meta Description: *Endiya is a launchpad for Indian product startups with global aspirations. But what does it look for when evaluating a startup for investment? Let's find out!*

Do I like the product? How unique is the business idea? How competent is the team? What's the market size, is it big enough for your product to gain traction? What are the market challenges, and how are you addressing them? Is it the right time to introduce your product to the market?

These are only a few good questions that the potential investors have in mind when evaluating your startup for investment. Clearly, there's nothing as challenging as surviving the initial state of flux for a startup. However, having the right set of investors by your side will make the journey relatively smoother.

The market competition today is intense, which means it takes more than just a vision to stay ahead and well-connected. And when it comes to attracting VC investors, the struggle is real. Endiya, one of the top VC firms in India thrives on a mission to partner with exceptional entrepreneurs and startups that have the right potential to become world-class companies.



Image source: Digital Media Blog

But what exactly does a sound investment firm like Endiya consider when investing in early-stage startups is still a big question for many. In this guide, we will discuss the ultimate

investment model that Endiya operates on. Listed below are a few questions that you must have answers to if you wish to appeal to one of the leading Venture Capital firms in India. But first, a little something to know about Endiya.

Endiya- Helping Founders Propel Growth

Endiya is one of the most stable and experienced early-stage investors in India that aims to address the funding gap between the founder's capital and pre-series A funding which is the company's first significant round of venture capital financing.



The company invests in IP and innovation-led product startups across technology, healthcare and selected consumer verticals. Endiya follows a deep engagement model with its portfolio companies and works with entrepreneurs in a wide range of areas such as market validation, team building, business model refinement, customer and partner acquisition and future fundraisers. With the help of selected frameworks, it aims to help entrepreneurs think in a structured manner to better utilize their resources, identify gaps and accelerate business momentum.

Endiya's strategic and operational approach is based on the following models:

- ❖ **People Person Vision Alignment** which focuses on the purpose of the company and intended outcomes and achievements
- ❖ **Business Model Canvas** that provides a bird's eye view of the business in order to identify and fill gaps that need focus
- ❖ **Blue Ocean Strategy** that leverages value innovation tools to identify and unlock potential for innovation
- ❖ **Balance Score Card** which helps entrepreneurs gauge their scorecards relevant to their business model and company stage

What does Endiya look for while evaluating a startup for investment?

Funding for startups in India has evolved significantly over the past few years. Getting one of the leading Venture Capital firms to invest in your startup isn't as tough as one might think. To qualify the Endiya investment criteria, the entrepreneurs need to present answers to the following questions:

1. Unique Business Ideas

Leading investors like Endiya look for a rock-solid business idea while evaluating a startup. A solid business plan indicates that you have given some serious thought to your business and ensures that you have an action plan for every contingency.

Even if it's not a brand new invention, you need to convey how exactly your product or service stands out and most importantly, how you are addressing the problems. Listed below are a few questions that you must answer in the first stage of evaluation itself.

What is the problem that you are trying to address? What is your solution to the problem? What gives you a competitive edge? How is your solution unique and compelling?

2. Market Proposition

After evaluating your startup idea and market challenges in great detail, the next step should be explaining the market proposition. Knowing about the addressable market is of prime importance for investors as it helps them understand the company's true potential in the real world.

However, Endiya goes beyond the conventional market strategy to dig deeper into the level of impact the company has on its target customers. Therefore you need a compelling bottom-line reason to get Endiya onboard. The strong go-to-market strategy should comprise the following:

- ❖ **The market size** which should be big for better revenue growth
- ❖ **Target customers** and the impact of the company's product/service on their lives
- ❖ **Timing:** Why exactly this is the right time to introduce your products/service in the market
- ❖ **Overall value proposition**

3. An Excellent Team

Investable companies are led by excellent management teams that have the right expertise, knowledge and skills. The teams should be well-equipped to fill the gaps between the existing business strategies and user expectations. They must be talented and driven enough to evolve as the company scales.

4. Comprehensive Competitive Analysis

A comprehensive competitive analysis is one of the key determinants for making sound investments. In order to adapt well to the changing business requirements, the company needs to identify its competitor's market positioning, examine their business model and value proposition, take a peek at their pricing strategy and customer reviews etc.

5. Robust Business Model

A business model indicates the true potential of the company. By revealing the business model, entrepreneurs give investors reasonable assurance that their money will be in good hands.

Clearly, if you are making more money per customer than it costs you to get one, you're on the right track. Investors must have a proper understanding of your customer acquisition and retention strategy, product value proposition and future innovation plans, all of which are a part of a sound business model.

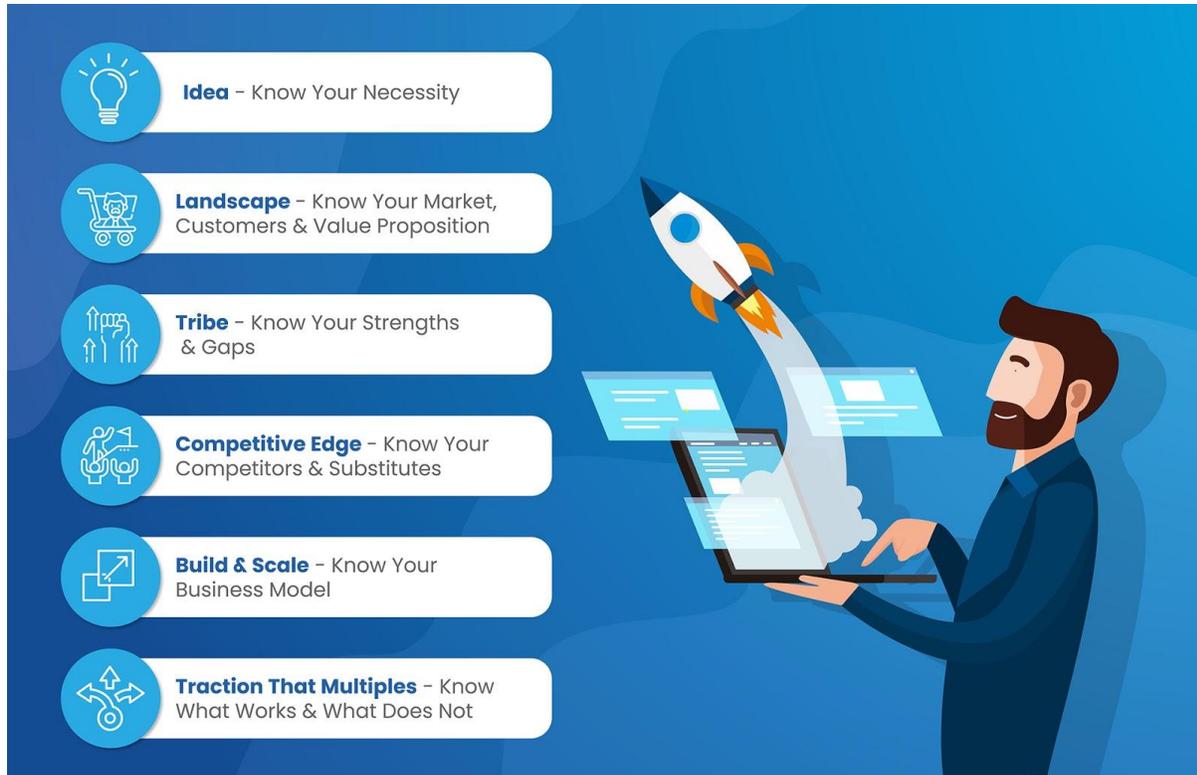
6. Scalability

Business scalability is based on certain factors that investors take cues from. A successful MVP (Minimum Value Product) that confirms business feasibility is one of the key determinants.

An MVP is a prototype that is designed to be tested on early-adopters or a small segment of the company's target audience. Market validation is critical for investors and stakeholders play a significant role in the success of any business plan. The positive use cases around your product/service will only throw light on your growth prospects.

7. The ultimate risk-bearers

In the age of intense global competition, it is imperative to understand the potential risks and how prepared the company is to become the ultimate risk bearers. Remember, the competition can arise from anywhere in the world; therefore it is imperative to know if the team has the right potential and business strategies to battle the challenges that tag along with tough business decisions. The right talent will always have a contingency plan for all stages of business and will take every measure possible to mitigate the risks.



The Bottom Line



Image source: iMoney.my

While bank loan is still a viable funding option for startups, entrepreneurs also have the leverage of working with venture capital firms who besides investing in your company, help you reach your organisational goals. Remember, it's not just about writing cheques and waiting for good returns, a good Venture Capital firm is known for bringing out the best in a startup and that's what Endiya does for its startup partners. It stays with your company at all stages of development, helps you identify gaps and challenges and backs you in every important business decision.

So, if this is your dream project and if you are still struggling to get started, here's your ultimate seven-step investors guide.

Infographic for known-unknowns (Endiya) (Quadrant chart)

X-Axis - Data Availability/Knowledge

Y-Axis - Awareness/Understanding

Quadrant 1 - Known Knowns

Quadrant 2 - Known Unknowns

Quadrant 3 - Unknown Unknowns

Quadrant 4 - Unknown Known

Known knowns (Facts and requirements)

No risks or uncertainties

They are things that are known to self and others

Solution: Managed and executed as part of project scope

Known Unknowns (Known risks)

Classic risks

They are things we're aware of but don't understand

Solution: Try to capture as many assumptions, build hypothesis, measure, iterate

Unknown Knowns (Hidden Facts)

Untapped Knowledge

They are things we are not aware of but understand

Someone in the community knows but isn't sharing

Solution: Brainstorming, group sketching

Unknown Unknowns (Unknown risks)

Things we are neither aware of nor understand

Nobody in the community knows

Solution: Research, experiment to make them known unknowns for future projects