



# Ask Me Anything #1

## Osborne Saldanha

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Osborne Saldanha is currently the VC at Xiaomi India. He leads growth investments in financial services and emerging technologies at Xiaomi India. Coming from a tech background, Osborne likes to invest in innovative technologies (computer vision, artificial intelligence) with real world applications in financial services.



**Creators Of Products: What do you love most about your job?**

**Osborne Saldanha:** Absolutely love interacting with founders – their energy and passion is infectious and I feel invigorated to do more and work with them. Then I also love thinking about long term solutions and solutions that work to solve people's everyday problems. Lastly, I love data, analysis and researching – it's very interesting

**Creators Of Products: You have mentioned, you realized you don't have competency to be a founder. What was the realization factor and how can one test themselves if they are fit to be a founder?**

**Osborne Saldanha:** Great question. Yeah, the realisation factor was basically a better understanding of myself. I realised that I do not have the stomach to deal with hundreds of No's from vendors, partners, investors, etc. Then managing a team, making sure there's enough money for payments to be made. A ton of those things.

A great way to realise if you have the competency is to imagine you're in 2008/2010 when the iPhone was first announced. If you look at it, and you think about how it was made, the parts, materials, what goes into making it then you're an operator. If you think about the possibilities of such a device – then an investor/

It's a simplified way to put it, but you get the drift

**Creators Of Products: With over 350+ payment startups in India, how can new entrants differentiate themselves**

**Osborne Saldanha:** There's a lot of problems still to be solved for the merchants in India. Solving merchant problems is already a big



differentiator. More importantly, only now are a lot of them coming online – making it seamless for them to even use it will really help scale.

**Creators Of Products: What kind of products will the VCs find exciting in 2021?**

**Osborne Saldanha:** I'm fairly keen to see stuff in Fintech and SME SaaS products. Huge problems that can be addressed there

**Creators Of Products: What are the key things that excite you the most to invest in a particular startup, at an early stage ?**

**Osborne Saldanha:** Tough question – 1. founder's passion and knowledge. 2. market size, 3. idea and problem being solved. 4. customer feedback. I don't consider myself the core-user of most startups, so doing customer feedback is very important

**Creators Of Products: What's the most important thing that you look for in a startup/company that makes you want to invest in them?**

**Osborne Saldanha:** This depends on the stage of the company. There's also no right way of doing this, hence some investors end up being better than others. If early stage (seed, series A) – founder background, experience and knowledge, market size/potential, customer acquisition strategy, early customer feedback, competition analysis, idea execution etc. If growth stage (series B, C) – team background, market size, competition, unit economics, financials, financial projections, growth rate, future products, moats, founder shareholding, customer feedback, cost structures, future growth drivers



**Creators Of Products: How does a loan provider differentiate in the current ecosystem? Do you think that BNPL eats up a portion of this category or do they complement each other?**

**Osborne Saldanha:** IMO, use case specific credit is the future. No longer does it make sense to provide a blanket personal loan. Lending will get more embedded in the products and credit will be disbursed at the POS.

**Creators Of Products: A follow-up would be that since BNPL provides use case based credit, how does it affect the traditional lending apps since they basically give you credit agnostic of the use case?**

**Osborne Saldanha:** There will always be a requirement to get a personal loan, but there will be banks/NBFC's to cater to that. BNPL is not even started in India. Long way to go for that

**Creators Of Products: Which other sectors have growth potential that can replicate Fintech growth? Which sectors according to you will benefit most from the explosive Fintech growth?**

**Osborne Saldanha:** I personally feel SME SaaS and healthcare will have a huge growth upside in the next 10 years. Then we still have a lot of problems to solve in the logistics sector. Last mile is still a problem. These would be top 3 for me. Obviously there's opportunities in Commerce and gaming. But I'm more interested in the ones mentioned. Honestly, all sectors will benefit. Fintech in the next decade will become embedded into our daily lives. We won't need to open a bank app or insurer's app to do Financial actions.



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**Creators Of Products: We have seen Revenue based financing breaking into the startup ecosystem for ROI based growth. Given there are a lot of small scale online businesses and D2C companies booming in India, what do you take on the future of Revenue based Financing?**

**Osborne Saldanha:** there will be several hundred 100 cr D2C brands in the next decade. This is the opportunity for RBF. However, the problems of collection and underwriting will need to be solved for scale. Today RBF is very small. At scale all operations change. But I also feel as brands grow, their requirement for loans will increase which RBF's will not be able to fulfil. At that scale RBF's will be limited.

**Creators Of Products: What changes do you expect to see in 5 years in the VC ecosystem? Which sectors do you think will receive significant funding in the coming years?**

**Osborne Saldanha:** The biggest change that will happen - there will be a lot of seed funds driven by entrepreneurs. There will also be a lot of capital chasing more problems and there will also be sector focused funds. However, the bigger change will be revenue based finance attempting to disrupt VC funding

**Creators Of Products: UPI looks like a formidable payment instrument not available anywhere else in the world, do you think it's capable of making an international impact?**

**Osborne Saldanha:** It's already starting to make an impact in the world. Folks from NPCI have ported UPI to Myanmar. Nov-2020, Brazi launched PIX - it's version of UPI. Last week Pakistan launched its version of UPI - Raast.



**Creators Of Products: Who are the fintech writers you follow? Which markets do you think will lead in innovating in fintech in the next 5 years?**

**Osborne Saldanha:** From writers you mean Substackers? If yes then very few - Nik Milanovik, Alex Johnson, Mike Miklua, Simon Taylor. In India there's @Pratik Mehta and Prince Jain.

**Creators Of Products: How are the Instant loan fintech companies shaping up in Indian FinTech ecosystem? What regulations could be improved/changed to make them more sustainable and less coercive given their past records?**

**Osborne Saldanha:** I wrote about this in my newsletter yesterday. Instant loan apps - majority are doing a genuinely good business, while there are a few that are cutting corners. It's important to weed out the bad actors. RBI and Google are acting on it.

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**Osborne Saldanha:** I wrote about this in my newsletter yesterday. Instant loan apps - majority are doing a genuinely good business, while there are a few that are cutting corners. It's important to weed out the bad actors. RBI and Google are acting on it. The biggest thing that can be done is if RBI regulates any and every entity that lends to a borrower - even if they are not lending on their balance sheet. There's a concept in Open Credit Enablement Network (OCEN) for this called a Loan Service Provider (LSP). Regulating LSP's could really change the game for the instant loan sector.



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RBI is probably also acting to bring about regulation for humane collections. But monitoring it on the ground is tough.

**Creators Of Products: How does one transition into a VC role? What skills and competencies do VC firms generally look for?**

**Osborne Saldanha:** This is a tough one. Each VC has their own methods. IMO, the main quality one needs is to be genuinely curious and analytical. In the past, to break into VC you needed a top-tier college, Bain/McKinsey/BCG background. Today - your degree could matter less. But, to make it in VC - show how analytical you are, how business oriented you are. The top-tier VC's may still go the traditional route. These days some of them prefer if you've tried starting up as well. These days having an operator background shows you can have empathy for a founder and can work with them

**Creators Of Products: China is introducing digital currency, this will impact a lot of intermediary companies like Tencent, Alipay in China. If other countries decide to go this route, will this positively or negatively hamper innovation in the Fintech space?**

**Osborne Saldanha:** I do not know a lot about their digital currency, but I honestly doubt it will hamper innovation. If anything, I'm sure having a digital currency will only increase the innovation that can happen. Imagine automating your money. Today that's tough.





**Creators Of Products: What's your take on products that are enabling people and creators to earn a passive income such as Substack?**

**Osborne Saldanha:** I'm such a huge believer in the "passion economy" or creator economy. If anything, I believe Covid has accelerated the pace at which this creator economy will grow. It will only matter how soon we can give them the tools to build their own brands and allow them to focus on their product/brand and leave the rest to be built for them. Also, I don't think it will be passive income, it will be the only income for creators in the future. Gone are the days of working a stable 9-5.

**Creators Of Products: You come across so many pitch decks, what does an ideal pitch deck look like according to you?**

**Osborne Saldanha:** Oh I love pitch decks. The good pitch decks have less text and more visuals. The best pitch decks let their numbers do the talking. Most importantly, on each slide I love to see only one message. If there's more than one message - I'm put off. I don't care too much about design, icons or pictures.

**Creators Of Products: Is it direct M&A's that you do when you spot an attractive startup? Do you make strategic investments in the companies leading to inorganic growth for Xiaomi overall? If it is this way, what kind of interventions/measures does Xiaomi make to align with the vision/intention of the investment? (Generic ones, going beyond startup specific interventions)**

**Osborne Saldanha:** We only invest. we do not acquire. I think for Xiaomi, it already has the users, it's more about product and innovation capability. With the companies we invest in we like to have a business synergy plan. In



some cases there can be immediate synergy in others it may take some time. But basically, we also involve the business teams to ensure there's that synergy.

**Creators Of Products: Xiaomi also has competing interest in Fintech, how does it approach the build vs buy/invest approach?**

**Osborne Saldanha:** But we typically know from the business teams what their plans are, what they're building etc. It's also a matter of timing - if it's urgent, we'd invest and get access.

**Creators Of Products: Do you think whatsapp payment will make a significant difference or do you think Paytm has too big a lead already and with the current WhatsApp privacy issue it will hit their credibility**

**Osborne Saldanha:** WhatsApp payment will have a significant difference because it is launching commerce with businesses. That will change the game. If it was just P2P payments, then it would be different. In business, a company will have a lead only for a short time, there's always competition. Unlikely that the privacy issue will dent WhatsApp's ambition, unless they do something drastically different

**Creators Of Products: What changes did VC firms undergo due to Covid? How does the funding process look like now?**

**Osborne Saldanha:** I think the main difference is diligence going digital during Covid. Earlier funds would meet founders and see offices etc. Today there's no time to wait to meet someone in person. Early stage investments are also very competitive



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**Creators Of Products: With Open Banking and Account Aggregators both taking ground in Indian Finance Ecosystem, what is your viewpoint of its effect on already existing startups?**

**Osborne Saldanha:** I think it will help in innovation. Startups will not be affected in any way. The experience they offer to customers will be significantly improved because of open banking and AA.

**Creators Of Products: Do you have bitcoins? Are you waiting for them to become a govt recognized currency before capitalising on it, I'm told now if the time to buy and keep not trade**

**Osborne Saldanha:** I'm not a bitcoin enthusiast or a crypto-head. I'm still learning everything I can about the crypto space. I do own some bitcoin but it's a very small amount. Can't say if now's the time to buy. FYI - apparently RBI's been working on it's own digital currently. At one point it was rumoured to be called Laxmi - i'm sure that's fake news though

**Creators Of Products: How much 'hardcore' finance skills do you actually need/use? (E.g. financial modelling, valuation, etc)? How are the hours and what do you consider a 'normal' day?**

**Osborne Saldanha:** Honestly, not a lot. For example - my accounting skills still need a lot of brushing up. We need it of course for financial analysis, exit analysis, projections etc. but that's one pillar of an evaluation that goes into the decision making for an investment. A normal day for me is 12-14 hours - increased during the pandemic - but I'm loving it.



**Creators Of Products: May I know how much time you require to do due diligence to invest in a start-up. How will your brain function while you are taking a bet on a particular start-up when others are contradicting your decision. In how much will you take a decision to invest in a startup which is in a seed stage.**

**Osborne Saldanha:** There's no fixed amount of time. For an early stage deal, sometime's the diligence needs to get done within weeks. For late stage deals it can take months. It's a huge responsibility - at least to me. Sometimes, at the time of signing I end up overthinking - am I making the right decision, what if I'm wrong etc. etc. But I take solace from the fact that I'm taking a calculated bet - if I see that I've done all the research I could and built CONVICTION in a particular investment, then I go ahead. CONVICTION is very tough to build.

**Creators Of Products: A slightly off-beat question: does research become your hobby because you need to be aware about a lot of things like market trends, innovations, current affairs etc..? If yes, on an average how much time do you dedicate to reading things? What do you recommend people to read to keep up to the trends and innovations?**

**Osborne Saldanha:** As an investor one has to know what's happening. More so if you cover multiple sectors. If as a money manager one is unaware of the world - what sort of money manager is that? I don't think recommending anything will have any impact on someone - each of us are built differently. Having genuine passion to do it really changes everything. Because, research, analysis etc. is VERY BORING also, how much is too much? The only thing that keeps one going while researching is passion.



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**Creators Of Products: In the whole founder-friendly mode of investments, what kind of an investment model do you personally think best facilitates it while ensuring optimal control of the investors in the company? For eg. YC has a model, what is the common practice in India?/Is it founder-friendly?**

**Osborne Saldanha:** 100x.VC and pi Ventures are trying to do something here. But it's very tough to standardise. Founder-friendly basically, IMO, means to not undercut the founder. Be upfront, negotiate for a win-win situation and let all win. In some early stage companies, I've seen angel's and VC's really hammer a founder to accept terrible deals. That's never founder-friendly. Another very important thing to being founder-friendly is being of actual help - simple things like answering a call, actually replying to a request on time, helping with a connection, making a connection to ensure a business grows, bringing follow-on investors, assisting with key hires, HR policies, accounting policies etc.

**Creators Of Products: What do you think is the future and scope of B2B focused fintechs like Setu, Zeta etc.,?**

**Osborne Saldanha:** I feel initially there's a lot of potential. Dealing with banks for tech integrations is a nightmare. Dealing with compliance at banks is even worse. Setu, Zeta, M2P, Decentro are all solving a real problem. But however, I wonder how large the market will be for them - in the sense, how many such players will banks partner with? and on the demand side how many such platforms will need more than one integrator? I think there might be some consolidation there sooner than later



**Creators Of Products:** You mentioned that I've been in VC ever since I graduated. I'm an IT engineer by education. What is your story for getting that first job in VC? What would you advice #students looking to get their first VC job / internship? Which VC firms to apply for a good learning opportunity? What should be their aim to learn, in those first few months?

**Osborne Saldanha:** It was luck. I interned at a portfolio company at the fund, it so happened that they were hiring and I knew them so asked them. They were kind enough to take me on full time.

**Creators Of Products:** What's the general career trajectory for people joining VC post college? How different is it compared to Consulting? What are the skills that could be built while in college to break into VC firms?

**Osborne Saldanha:** Advice to students: start building your personal brand, publish your work openly (even if they are wrong), get feedback from people outside your friends and family. BE CONSISTENT with your work. People at VC's will find you. Tough to say which funds are good for learning. Many of them out there. Aim to learn EVERYTHING. No job should be too small (except getting coffee for people, let them get it themselves). Aim to learn sourcing, analysis, market research, modeling, legal documents, negotiation. Be a sponge.

**Creators Of Products:** How do you come up with the percentage of shares to be taken for a certain amount of funding? Apart from the funding, what additional help is expected from a VC?

**Osborne Saldanha:** If you have a very strong conviction in the deal. If it is then I'd want a higher percentage depending also if you believe you can



add value in the company. Then I'd take a large share of the co. 100x.VC and pi Ventures are trying to do something here. But it's very tough to standardise. Founder-friendly basically, IMO, means to not undercut the founder. Be upfront, negotiate for a win-win situation and let all win. In some early stage companies, I've seen angel's and VC's really hammer a founder to accept terrible deals. That's never founder-friendly. Another very important thing to being founder-friendly is being of actual help - simple things like answering a call, actually replying to a request on time, helping with a connection, making a connection to ensure a business grows, bringing follow on investors, assisting with key hires, HR policies, accounting policies etc.

**Creators Of Products: What is your take on the various rolling funds that are being started nowadays? How do you see this maturing in the future?**

**Osborne Saldanha:** I love the concept! It's like an SIP of a mutual fund (I know this is a bad analogy, but here me out). The fund manager has a lot to gain out of it - constant flow of capital every quarter, fresh capital to invest in startups, no need to have a fund life - keep raising, keep investing - lot's of benefits. We are definitely going to see these rolling funds going forward.

However, I am still to see how this affects an investors return (IRR and TVPI) and the overall performance of a fund.

**Creators Of Products: What are the best practices for creating trust in the consumer mind? Trust in the sense so they'll use the product without the fear of their data being stolen, or trust that the service provider is genuine. P.S. We all know creating trust in India is way difficult and in fintech that difficulty increased more.**



**Osborne Saldanha:** Tough one. Do you mean this for a B2C co or a B2B one? Very tough to build trust in a digital world. I think it's important to follow through on promises made - whatever lengths one has to go to. Being upfront about policies and pricing (no surprises in pricing).

**Creators Of Products: What does a typical day look like for you as a VC?**

**Osborne Saldanha:** Research. Analysis. Founder chats. Research. It's a lot of that. I start my day with reading the latest news and updates. Then follow up on my emails and tasks of the day. Then research on the companies I like. Second half is for calls with founders, industry professionals, VC's etc. Evening is again for research and then emails

**Creators Of Products: How is the traction to your Newsletter and where do you want that to be? Guys, follow that newsletter that's my fintech bible for Saturday.**

**Osborne Saldanha:** HAHA! Traction has been great actually. People's feedback has really helped me improve. I want to have a small (~500) subscribers that actively engage with my newsletter. Today that engagement is very low whereas I have a lot of subscribers - more than I thought I would have.

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