

**Founders:** I am interested in working with founders who I find intelligent, responsive, honest, and creative. Seed and earlier stage investors are very close to common stock holders in the long run and I hold myself to a high standard in terms of working with entrepreneurs, so I prefer for the lines of communication to be open and transparent (good or bad and there will be bad.)

**Founder-market fit:** I'm not concerned if you did not come from the exact field you are building a product for but I am interested to know why you are uniquely qualified to build the product you are working on. I do not care about sales DNA versus technical DNA but want to make sure the founder knows where they are deficient and is able to augment his or her to compensate for that.

**Understanding problem and competition:** Having a great understanding of the problem you are solving from the perspective of your end customer is very valuable. I would also like to see the team understand the competitors they are going up against (whether through knowing the competitors personally, customer feedback, or drinks/scuttlebutt) and where they can win/differentiate.

**Valuation:** Predominantly sub \$10mm pre-\$. Prefer sub \$6mm pre-\$.

**Sector:** B2B software, healthcare technology, and deep tech.

**Thesis:** In order to invest, I need to spend the time to understand a space and form a thesis out of a space.  $\frac{1}{4}$  of my investments are entirely thesis driven and  $\frac{3}{4}$  I form a thesis after meeting a company.

**Anomaly/Key Assumption:** This intersects with my formation of a thesis. What about your approach is truly differentiated and what is the key assumption that your differentiation rests upon?

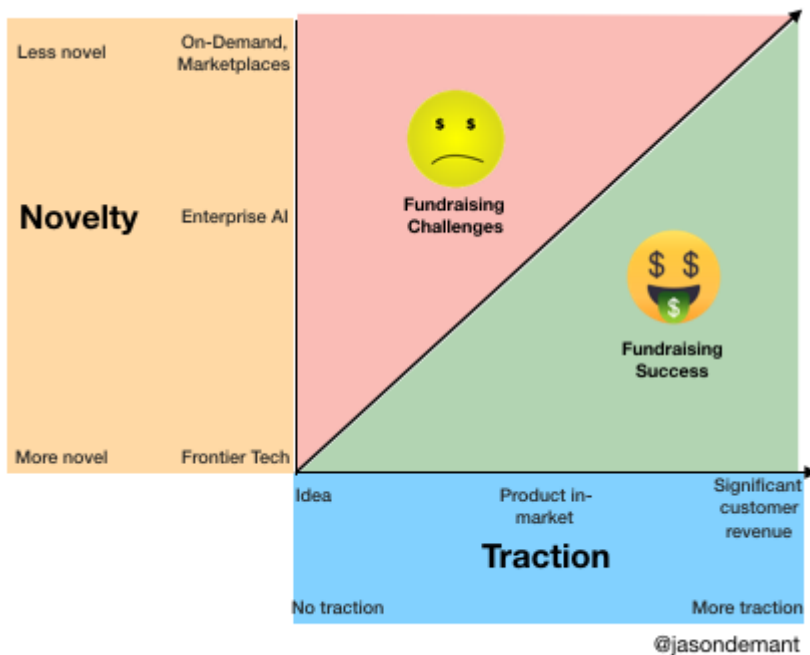
**Scale & Market Size:** Is there a real path to scale in this market? What is the market size based on a bottom up approach? That said, at the early stages, I'm more concerned with whether you *create lots of value*, how much *it costs you to create that value (R&D, customer acquisition)*, whether there will be a path to *capture the value you create* in the medium term, and whether that value is *sustaining or compounding* as addressable markets can be deceptively small for iconic startups.

**Natural Adjacencies:** What are the natural adjacencies to the product being built? Does the team's competency intersect those adjacencies or are they unlikely to be able to take advantage of them (think uber eats and uber?)

**Moat:** What is the benefit of scale in this business? How do you build a competitive moat? Are there real network effects? How does the value you are able to create or capture change over time as you scale?

**Distribution/shortened sales cycle:** Whether through a unique distribution channel for their category, having a "sales ready product", solving a top of mind issue for their customer, or some unique form of marketing, the company can shorten sales cycles and win customers in their category.

**Optimal Entry Point:** For a blue ocean/novel technology, optimal entry for me can be earlier as the ability for the product to "differentiate" in the market is self-evident. For less novel technologies, prefer to see data that suggests that the product/value proposition is cutting through competitive noise. A simple graphic to illustrate this is (c/o Jason Demant):



**Bayes rule:** The best predictor of success is... success. All constraints can be relaxed as the company shows demonstrable proof points pointing towards success. Proof comes in the form of building a differentiated product, customer contracts, revenue, downstream venture relationships, indications of abnormal usage or ability to sell, etc.

**Capital Intensity:** I normally prefer limited capital intensity upfront (some call this ramen profitable startups.) The value of limited capital intensity is that you have time to find product market fit and, retain optionality in terms of the size of future capital raises based on that fit, and you don't layer dilution on early investors for no reason. I tend to only be comfortable with high upfront capital intensity for businesses that have a deep technical component (so building a clear R&D moat that the market will value the same as they might value margin generating revenue) or I believe that the founder will **certainly** be able to raise capital downstream.