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What makes a Good Startup?

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Abstract

Acting as a building block in producing thousands of successful business today, angel investing has thrived in many regions throughout the world, including the GCC, for years. The funding given by angel investors is essential for the GCC to diversify and branch out from the oil-dependent revenues it is currently under. I am a graduating student of Dubai College and am very interested in the field of economics, but particularly the process of Angel investing and how they choose which startups to invest in. This paper presents an analysis into "What makes a Good Startup" through my learnings in working with an Angel investors company called Dubai Angel Investors for two years. The paper will focus firstly on the steps to assess a startup, and what factors that need to be taken into consideration from an angel investor's point of view when choosing whether to invest in a start, and will then move on to look at three case studies of three different companies that proposed their startups to Dubai Angel Investors. Of the three companies, one was a success, another was a failure, and the third is still being decided on. Through analyzing the companies, a clear understanding of how an Angel Investor thinks will be obtained.

Introduction

This project will look at a specific branch of Business and Economics called Angel Investing. An Angel Investor is an informal investor, angel funder, private investor, or seed investor who provides capital for a business start-up, usually in exchange for convertible debt or ownership equity. For this study, I collaborated with Dubai Angel Investors – a company that invests in seed and early-stage technology companies with high growth potential. They are passionate about entrepreneurs and teams that can take their ideas from proof of concept to customer traction to scale with drive, energy, determination and ambition.

My partnership gave me the opportunity to attend the monthly meetings held by Dubai Angel Investors here in Dubai. In each meeting, three startups pitch their business idea to a audience of investors, media, and prospective users. By the end of the pitch, the investors gather together and decided on which company they feel has the most potential, and then choose how much they would want to invest in the company's startup idea. Every meeting generated curiosity in me as to how they came about their decision, thus influencing me to dwell more on this subject.

Working with Dubai Angel Investors, I also was given a key insight into Y Combinator - an American seed accelerator, aiming to focus the founders of companies and startups on further developing their product, team and market, refining their business model, achieving product/market fit solutions, and scaling the startup into a high growth business. Through the knowledge of Y Combinator and its advice and strategies, this paper analyses "What Makes a Good Startup" through looking at the steps to assess a startup, and then goes on to study three different case studies of real startups who have pitched their ideas to Dubai Angel Investors. The 3 case studies shown in my research paper etch out 3 scenarios - one successful in receiving funding, one not successful and the last one still on the fence. The in depth study and analysis of each scenario helped me gauge what makes for a good start up and what worked and didn't work from a business standpoint.

Steps to assess a Startup

To understand what makes a good startup it is vital to know what steps are taken to assess startups, and thus evaluate what differentiated the successful startups from the unsuccessful ones. To go about doing this, when working with Dubai Angel Investors, I was recommended to research about Y Combinator. Y Combinator is an American company termed as a "startup accelerator", which is a programme that seed invests, and mentors, a startup. Y Combinator provides lots of advice to people looking to start a startup or to those who already have one that they want to make more successful. One of the most significant benefits of Y Combinator is providing ample advice on the do's and don't of creating a startup - Dubai Angel Investors follow a similar advice strategy for their clients and also use similar criteria to assess the startups that approach them.

From my research on Y Combinator and through Dubai Angel Investors, I have collated together a list of steps to assess each startup by in order to determine whether they will be successful as they grow, and thus whether they will be worth investing in.

I. The Idea

Arguably the most important way to assess a Startup is by analyzing their idea itself. The startup's proposed product or service itself will fall under this category and will be evaluated here too. Investors need to understand more than just what a startup's idea is; they need to know how the founders have arrived on this idea, what compelled them to think of this solution, and how it is their specific solution that will be what is successful in the future. There is a careful process which startups should follow to present their idea and attain investment.

In order to have a successful idea, a startup must begin by showing what problem or gap they have encountered in the market for them to generate this idea. The importance of identifying a problem is to show that there is a particular issue in the market that other companies haven't addressed, or found the solution for. If the startup provides a solution for this problem, it would be highly beneficial as this individualises them from other companies - they would have found a niche (an area in the market that no other firm is currently dominating). However, the company, through its product, needs to clearly explain how their specific product has addressed and solved the issue, but also why they felt it was essential to address this problem. The problem doesn't even have to be a new one: it could be an old, poorly addressed one that the company has found a new, better way of dealing with. If the company is able to do this, this will make the idea more unique and appealing to investors. Furthermore, apart from being exciting and unique, the idea shouldn't be too complexed. Many companies believe that the more complexed the idea is, the more successful it will be; however, that is usually not the case. When ideas are more complexed, they are harder for people to understand or appreciate, and complete simplicity isn't ideal either. What investors are looking for is an idea in between the two extremes: a clear, well thought out idea, that any person in the market can appeal to and understand, will be the one that is most easily accepted into the market, and thus will sell the most.

The defensibility of the product must also be taken into account when looking at the market. When designing the product the team must think about how hard it is for competitors to come in and gain market share; what they're aiming to do is create a defensible product that will be hard for competitors to duplicate. This could be done by optimizing the network effects of the company, increasing market barriers (regulations, subscription products, etc.), or even having a unique IP patented.

II. The Target Market / Users

It is essential for each startup to have a target market that their product is aimed at. The market comprises of users, and these users are one of the main determining factors for whether a startup will be successful or not, so the target market - where the users are - must be chosen very wisely by the company and invested a lot of time into.

In order to be successful, much thought and consideration needs to put into your target market; you need to know everything about it, its status currently, and its potential growth later. The first thing to consider is how big the target market is today; the ideal answer to this question is "Huge". Investors want to see that the company has a large target audience to appeal to - because the bigger the audience, the more people that will want to invest in a company's product. However, what they don't want to see is that the chosen market is stagnant; the market needs to be growing. If a market is almost stagnant, the company's revenues will never increase from what they are, and thus the company will never grow. The target market needs to be expanding, and preferably at a fast rate. The company needs to have a clear idea as to why it is going to be big, and why this is the right target market for a startup to enter.

A question a startup should ask themselves is whether their company would have been successful, say, five years ago. If the answer is yes, they should rethink their idea, or work on it. If some product could've been created five years ago, the company hasn't kept up with the advancements over the last few years and isn't providing a fresh idea to the public. They need to produce a valid argument for why their product wasn't possible to create before and what changed to allow it to be now. If all these questions are answerable, the company is on the right track. The follow up to the question, however, is equally as important: how will your company be able to continue succeeding even in five years from now? This isn't about predicting the future, but is more about seeing your approach to how you go about adapting with the changes in the market along the years. Market adaptability is vital, and a successful company should have a plan in mind for how to go about finding what the newest trends and improvements are in the market, and find a strategy they will take in order to tackle them. One of the best ways to keep up with the changing market is actually interacting with your users itself.

As said before, a company's communication with its users usually shows a lot about its potential success. When choosing which users your startup will appeal to, the best case scenario is that even you and the company working on the product will be able to use it - this allows you to easily analyze your own product and find ways to improve it whenever. The second best scenario would be that you understand your target user very well, and so are able to know their preferences and comments on your product. If a company already has users, they should be sure to analyze statistics including: how fast is the user base growing, what the churn rate is of the users (if less than 5% in the first 3 months, then on the right track), if they enjoy the product or have any suggestions for how to improve it, etc.

What startups have to their advantage is their size: being small gives you the opportunity to be more personalized. Personalization allows you to get to know your customers better so that you can improve your product based on their preferences. Startups can do this by getting feedback from your users and ideas on what to do with your product next. What startups should focus on creating is a product improvement engine where they talk to users, figure out what they like and don't, improve on the feedback, and repeat the cycle; this cycle will eventually optimize the product and its value. Usually, the experience of the users being great far outweighs the idea of the product being great. Early stages is also a great time to gain customer loyalty by providing them with promotions and deals (such as gift cards and loyalty programmes), which will then cause them to spread the word about your company and help you take off. If, however, you don't have users already, look at your competition with similar products, and sell yourself to the market by showing how you're different to them, but also how you're better.

III. The Team

The next factor to take into account is the team - this includes the CEO and the employees. Every person, and their role, is integral to a startup, so each one should be chosen with much thought. The most important point is that they all have a shared sense of mission to sustain their company.

First, we must look a the CEO. The CEO takes the most important roll in the company, as they will be the one to set the vision and strategy for the rest of the team. They will have to be the one to hire and manage the team, but also set the execution or quality bar from the very beginning. Usually, companies have two founders, and this is ideal because at least one founder should be spending time on sales and marketing, while the other should focus on building and improving the product. There also must be one person on the team who is a good programmer or is good at tech. Founders are assessed by their expertise in the field they've chosen to create the product within, but also by their dedication and determination. For a company to be successful, a founder should be there who pushes the team to achieve their goal and help them overcome any obstacles. The founder must also be easily coachable by investors, but also flexible, because if investors do decide to invest in the startup, they're looking for people who take their advice and work around it. As for the team, a successful startup always has a diversely skilled team, with each member being the best at what they do, whilst also being flexible and open to suggestions.

IV. Fundraising and Growth

Growth is a top priority for a startup, both for themselves to expand as a company, but also for interested investors, as they want to see evidence that a startup is not just staying stagnant but instead becoming bigger and better.

For growth to occur, companies need to have money. Investors look quite a bit into the fundraising that the company is doing, such as ticket size (Dubai Angel Investors ask for a ticket size between 50k and 250k). The type of investors the company already has is also important, as a strong stack of investors will substantially benefit the growth of the company by providing funding. From funding, what successful startups mainly have to show is that they're capital efficient, but also optimize their output through the capital expenditure that they have done. The startup must also have a plan of what they would do with the funds after they have received, such as using for 'Research and Development' for future product innovations, or new features that would result in an exponential growth of the company.

As for growth itself, a startup has a lot to consider when wanting to expand their company. To start of, the company should determine 3 or 4 metrics that the CEO will use to drive the business and optimize. If the focus is kept on these main metrics and work is done to continue improving them, the company can begin a steady growth. Businesses need to become more powerful with scale, and need to show their progress; this can be done through the implementation of new features, milestones, partnerships, etc. Most importantly, they need to show how they could potentially become a monopoly, and how they will be difficult to compete with given their with unique product; monopolies are the ultimate sign of rapid growth as they have come to completely dominate their market.

Case Study Analysis

Using the knowledge I have gained from the Steps to assess a Startup, I will now analyze three different companies; Company A, a company who was successfully invested in by Dubai Angel Investors, Company B, who wasn't successful, and Company C, whose startup the Dubai Angel Investors are on the fence on. Through each company's analysis, it will be clear what they did well and what they didn't and will help showcase why Dubai Angel Investors saw them as a good startup or not, and why.

I. Company A - Success

Company A's product was successful in receiving funding from the Angel Investors, thus their strategy must be analysed through the 4 elements mentioned above to see why they made the cut for a good start up, but also what they still can improve on.

Company A is a company currently based in Egypt, co-founded by a an entrepreneur and his wife, who have created a service that connects you with a human assistant, who essentially chats with you, understands what you're looking for, searches for options based on your preferences, and makes tailored recommendations for your needs, for free. The money they make is from the vendors they use and from their partners. All the interaction happens live via text on the company's app. The company is mainly driven by humans, but is becoming more automated with the help of artificial intelligence.

Looking at the benefits of the company, there aren't short of dozens. The idea is completely unique in the fact that it provides a personalized service that really understands the user, instead of bots who only understand their customer as data. What they do that is unique is combine the empathy and understanding of a human with the efficiency and scalability of a machine, and this hasn't been done before.

The idea itself is highly unique and fresh. The company has recognized the problem of non personalized services attempting to help customers without properly understanding what they need, or having the user waste too much time in having to find what they're looking for. The solution they have found too it seems highly effective as the machine is easily accessible to anyone anywhere in the world, and provides real time help on chat for anyone looking for something. Neither is the idea too complexed or hard to understand from a user's point of view, in fact it is so simple as all the user has to do answer a few questions in conversation with the assistant on the messenger on the app and then get what they're looking for.

The target market for this company is anyone and everyone looking for a quick easy way to get their errands done. This market will continue growing as there will always be more and more people who will require assistance in things they want to get done, so the chosen market is an ideal one. The time at which they have chosen to introduce this idea to the public is ideal, as this sort of concept could not have been created five years ago, as technology wasn't advanced enough, and only now has artificial intelligence really risen - this shows that the company has kept up with the latest technology and the idea appeals to the current population. The idea will also seem to work five years from now, because according to the Co-Founder, the machines are learning more as the user base increases, and are becoming better at finding exactly what the user wants, thus placing less reliance on the humans that are operating the chat to help the user. People in five years aren't going to stop have errands to run or advice or recommendations, so the service provided will stay relevant as it is as the co-founders have come up with an idea very ahead of time. However, currently they have mostly focused their market on Egyptian users, which although being good because they can spread publicity in their area with something that the area hasn't experienced before, the market isn't all that big. The Egyptian banking rate is only about 2-3%, and the rest of the population don't own bank accounts. The problem with this is that the service here is based on the idea that people must use their credit cards for the purchases, however only a small amount of the population is being able to access the app. The interface is also very unfamiliar in this area, so not many people will know how exactly to operate it to begin with. Their product market fit is lacking, because although there is cool technology, the company isn't really aware of how to turn it from the thousands that they have to wider mass markets.

The company hasn't mentioned much about how it began initially interacting with its users, but they have mentioned that with no marketing spend, the service has captured over 24,000 users till date. The users, as said by the company, include the founders and the team itself, which is the best scenario as they can identify improvements that they would like in the product and work on it to improve it immediately. They are able to understand the preferences of the users through the chats but also through what they themselves would like to be featured on the app. They use technology to capture user preferences through the chats, and are able to handle every request given to them by the users. According to their statistics, **80%** of the people that make a purchase on the service make another within 28 days, and the top 10 percent of the active users are daily clients. This shows that they are keeping in line with their customers wants and needs and are able to see their churn rate, which they have documented as 3.5% - which is very successful. The fact that they are keeping an eye on the active users and their use of the service is good because they are able to see whether the people will stay engaged with their service. The company has provided a lot of evidence that their customers are happy with the service by documenting all the positive posts made by users on their websites in their pitch. Not only that, but they have addressed their biggest competitors and shown how they either lack the broad variety of services that they offer or the personal touch that Company A offers. However, even after user feedback and multiple attempts at different strategies, such as coupons and prepaid cards, nothing has been able to actually boost the company to a much wider scale.

The team seems highly qualified, the Co-Founder being one that own four different startups, with the wife who helped co found another one of the startups too, an investment banker, and a product designer. There is a diverse team here, with people handling multiple skills; there is someone for the marketing, there is someone for the tech, someone to manage numbers, etc. However, the fact that the husband and wife work together might not be ideal; mixing your personal circle with your business might be tricky because if there are any fall outs outside of the business, this could impact the success of the business itself.

The Company has shown good marketing metrics as they have documented their revenues, capital generated, their sales, which areas their requests are most aimed at, etc. The amount of data gathered is good because it gives them a clearer picture of where they stand and know what they need to work on to move their company forward. Their stack of investors, however, isn't too impressive. They have no big or strategic investors, but rather only individuals. The fact that there aren't any big investors is a bit surprising and worrying too, since it has been 2 years and no one wants to invest in them. This may be an indication that although the company model seemed strong in the beginning for DAI to invest, it isn't strong enough now after two years because they might not have optimized their strategy for growth, or that investors don't see a future for them.

Overall, the idea, target market and users is perfect, but the execution in the area chosen (Egpyt) is mostly the main factor holding them back and stopping them from growing as much as they should. However, it is easily understandable how the company can be categorized as a good start up, and why the DAI invested in them. The company had a strong pitch with a fresh unique idea that is new to the market and easily accessible and needed by all, which can be very successful in the future if they plan their growth model well and move to a larger market. The team is very strong with a variety of skills, and the fundraising has been very good so far, and they have the right idea with where to invest their money

II. Company B - Failure

Company B's product was unsuccessful in receiving funding from the Angel Investors, thus their strategy must be analysed through the 4 elements mentioned above to see why they didn't made the cut for a good start up, but also what they might have done well too.

Company B is a company currently based in Egypt as well, providing a service that facilitates a patient's journey to order and have medicine delivered from online from the nearest pharmacies to where the patients GPS location is. It has an app which allows the patient to locate all types of medicines, even rare, in real time through their search engine. The app acts as a platform for many pharmaceutical and non pharmaceuticals to have their medicines uploaded, and where users can scan and upload their prescription given and locate the nearest pharmacy with that medicine, which will have their medicine delivered to them in around 30 minutes (24 hours for a rare medication).

The way the company has approached its idea is actually not bad in the sense that the company began by identifying a problem: that the system of ordering medicine in Egypt wasn't too good. There were payments made that weren't secure, inconsistent medicine, wrong medicine, and sometimes the medicine wasn't even available near them. The company pointed out that it was projected that over 60% of disease burden in Egypt would be by non-communicable chronic diseases by 2020, and that people would require a way to order and receive medicine quickly to avoid these diseases.

However there are problems with the idea itself too, as you can't get any drug with any sheet of prescription without insurance, and not once in their pitch did the company address the idea of insurance, which is surprising because it is such an important factor to consider. In order for the company to be a platform for pharmacies it needs to be a platform for insurance, but it doesn't mention anything about this and hasn't mentioned any insurance company that it ties up with. The fact that they weren't able to partner with any insurance company, although it seems like an essential too, is concerning because The question of fraud also comes into question: can people just scan anyone's prescription? Where is the technology to detect if this is your prescription that you're scanning or someone else's? This raises a big red flag as there is danger of people faking prescriptions and dosages, which can lead to such a pressing issue as drug abuse, as there seems to be no control over the amount of medication someone can order - they could just continue ordering!

The idea in itself isn't too unique though, thus their target market isn't a well chosen one as there are multiple other online platforms in other countries with much bigger markets such as the US. The technology involved with this service has already been done, and thus the market for this product is already very fragmented. The Egyptian market that they have launched in is ideal because they do need it, and there aren't other competitors in the area like them, however it will be very hard to go past regional because there will be larger populations outside that are already habituated to other websites or apps with the same features: there is nothing setting them apart from other businesses with the same idea. Due to this, their market is based centrally around Egypt, which suggests a very small target market, and since the service probably wont become much more popular outside the region, the market chosen seems to be a stagnant one. The defensibility of the product is low as well, any competitor can come into the market and start a similar platform as theirs as they haven't created much barriers to entry.

Another problem with the startup was that five years ago this same idea could have been thought of, as the same technology was there, thus the idea doesn’t seem as advanced as it could be. The other thing to consider is how can this grow as a business if big pharmaceutical companies don’t want to join? These are competition too as they have a large customer base, but they have no incentive to join your programme. However the idea is great for small businesses that are in small areas that are hard to find, as they own the type of medicine people are looking for, but the people aren’t aware the businesses exist, or don’t know where to find them; this is a positive for Company’s B service, as it provides exposure to these companies and helps local brands become more well known.

The team that they have is quite diversified, and each has a different skillset; the CEO is a marketing expert, there is a lecturer of pediatrics, a chemical pathology specialist, a software engineer and a big data and AI developer - thus the team will be able to execute on different functions and roles. The financial model in itself was a big worry too; the company was suggesting 5% commission on every pharmaceutical transaction, which is a very small percentage to share between the company but also the people that process the payments. In fact, there needs to be a huge volume that needs to be dispensed through you, and 5% commissions is not enough. Company B could have asked for more because they are providing people with access to rare medicines required for dire conditions, which they could charge more for and use higher commissions for as well - they were clearly not being ambitious enough here. However, a positive was that they did have a 70% retention rate, so for those customers who were coming, most of them we’re coming back to order more. Their projections for growth were not ambitious enough either: their pitch was made near the start of 2018, and for the end of 2018, their goals were only to have a real time search engine and a dash-button fixed, which clearly shows they weren’t pushing themselves enough, and a company growing at a slow rate is bound to not pick up momentum later, and probably wont end up becoming successful until they really start making major improvements in their technology or service to boost growth.

As clearly seen, Company B did not have a pitch strong enough to gain funding from the investors; it seemed to only meet 1 of the 4 essential criteria for good start ups. The idea was not that new or unique, the target market was small as they had restricted themselves to Egypt and couldn't grow larger because of competitors with identical products but greater market share in other areas, and the financial model was highly unambitious, showing no signs of potential growth in the future. The only factor they had going for them was the good team, but that is not enough to make a good startup.

III. Company C - To be decided

Company C's product still hasn't been decided on whether to be given funding for by the Angel Investors, thus their strategy must be analyzed through the 4 elements mentioned above to see why they could make a good start up, and what they have lacking. For this case study, I will give my personal opinion in my conclusion as to whether I believe the angel investors should fund them for their startup.

Company C is a company that provides an on-demand platform for people to discover and listen to evergreen articles (content that continues to be relevant long past its publication) on the go. The service's process is resurfaces the best evergreen articles published, engaging narration of the articles by real humans in various different languages, and then making these audio articles available to users worldwide through their app, either for free or under a a paid subscription (should the user choose to upgrade to get additional features and content). The audio size is each less than 10 minutes, which is less than a podcast , radio show or audiobook.

Company's C idea itself is quite unique and it seems like the company has found a niche in a market for educational articles that aren't too long and fit in a new category, in terms of size, between music files and podcasts. The company has firstly started by correctly identifying a problem in the market currently; many publishers create and publish articles online or in papers that include highly educational and informative content that remains relevant beyond their publishing date, however these get lost amongst the many produced. This isn't beneficial for readers, as they lose content they might have wanted to hang on to later, nor is it beneficial for the publisher, who only gets about 2.6 days of article life time in the digital age, as shown by their statistical analysis. The startup provides a great way to approach this problem by creating audio files of the most loved content that is easily accessible to the user for as long as they want, but also keeps publishers articles relevant and worth the effort they have put into them - it is providing value for both ends. The company also seem to be keeping up with the latest trends today, by this I mean the fact that the market and its users have started gravitating to everything bitesized - no one wants to waste too much of their time anymore, so everything shortened down, such as the popularity of vines (7 second videos that are meant to entertain) over comedy shows. Company C has clearly identified this trend and found a way to make educational content and news less dreary to read but rather enjoyable and enriching by converting it into a short audio file, that they can save and keep the content of it for as long as they want.

However, although it seems good on paper, the idea is concerning at the same time from the point of view of the market. The question that the investors need to ask here, as well as the potential market, is whether the best way to consume news is actually even through audio. What the company may not have actually taken into account is what they're offering may not actually be in line with the way people approach educational articles or content. When people want to get specific information really quickly, they like to skim articles and find specific points to focus on, however this isn't possible on an audio file because the user doesn't know where the exact information they're looking for is, neither can they skim through the articles content because it is played at a specific pace chosen by the narrator. On the other hand, when people want to properly take in a larger article, they like to highlight, or reread a particular part quite a lot of times, which again audio files don't allow you to do, or will take you a lot of time to rewind and replay.

The target market that they are addressing is very large, as they are targeting a global audience. This is unlike what any of their competitors they have mentioned are doing, as the others only seem to target the UK and the United States. What sets Company C apart from these companies too, and allows them a share in the UK and US market as well, is the fact that their service is free, whilst the other competitors are offering only paid versions. The service is cheap itself to subscribe as well, and it provides a very personalized service to discover what the user likes. The worry about the service is just its relevance; five years ago this idea would not have worked as people relied so heavily on physical content and weren't as well versed in technology as they are now, but the question here is have these habits changed now, and will they change in the next five years? Although mostly everything is becoming digitalized, people still base a lot of their information gathering on reading sources instead of listening, because people themselves feel like they can take in more when they read rather than listen. The service would be good for short snippets of content to listen to in free time, but even then for how long would people want to do this without getting bored of listening to someone talk, wouldn't they all just switch back to listening to music? The service finds itself in a sticky place between an activity of leisure, where most people would probably prefer music in the long term, and information, where people would rely more heavily on documents to read - so although there is a niche, is this niche relevant to the way the public is?

These are the questions the investors are probably asking of the company themselves. The company's team seem diverse and multi-skilled - the founder landing himself into Forbes' Top 5 Arab Startups list for another one of his startups, a head engineer with 15 yers of experience developing products for many companies including startups, an angel investor / CEO international (which is very beneficial as he might know what it takes to boost the start up and ensure growth) and a professor from Harvard business school. The team seem highly accomplished, but they have shown no statistics or numbers to show of their development or success with their product, since it has just launched. This might be why the decision is on the fence, as the idea could take to the public in either a very good way or a very bad, and until statistics come in, we wont know what the outcome will be. The company will have to show how the customers engaged with the app, how many times did they listen to different articles, what types of articles did they look for, what the retention rate was, and the user option in general of the app. From this information will there be a clearer idea if this is a successful idea or not.

Conclusion

Working with Dubai Angel Investors provided me with an in-depth knowledge on how to assess a startup and what to look for in order to determine whether a startup will be successful or not. From all the research, what I have noticed is that, in order to determine the potential outcome of a startup, certain factors need to be taken into consideration: mainly the strength of the idea and the team, but also the company's vision in terms of the target market, and its users, as well as the way they design a business model for fundraising, and how they collectively work to come up with ideas to boost the growth of their product.

From my research, what I understood makes a good startup is analyzed by the four factors of assessment. In terms of the idea, the company needs to come up with something very unique and different from what is in the market right now, preferably finding a niche in the market where consumer demand is there but no product is being produced to satisfy the demand - like how Company A found the niche in people requiring a more personalized, less automated helper than a bot, and produced a service to put people in contact with other people who help them with their needs and questions. The target market is the next to be considered, and it should be as large as possible, as you want more customers relating to, and wanting, your product. Company B lacked in this area because it chose to enter in an already saturated market of online pharmacy businesses, and picked the wrong area to sell their product - as the area itself didn't have many people who owned credit cards, so thus couldn't use their service - hence proving how badly thought out the market plan was here, which might've ended up losing the startup its potential investors. The team should also be relatively successful, but more importantly be very diverse in terms of the skills set, in order to balance out the workload and ensure each area of the product or service is covered (such as marketing, design, financing, etc). Lastly, the teams business model should be looked at and analyzed to see whether these people have the right approach to enable growth of their company in the future - a company with unambitious growth goals will never flourish as well as one with ambitious goals does, as shown by the stark comparison in success between Company B and Company A.

As for Company C, based on everything I have learnt, I don't believe that the Angel investors should invest in their startup. What they have going for them is the fact that the idea is very unique and targets a niche in the market for short bite-sized audio news files, but also that the target market is any person at all interested in the idea. Their team is very strong, and their business model is good because they are providing a free service, and benefiting both the users and the publishers, whilst still gaining revenues from the all the users that will switch to the paid version. Also from their analysis of what they would do with their seed money, they have clearly shown how they would invest largely in content and marketing for the service in order to ensure growth, which is a good use of the money.

However, the biggest problem with the service is that it doesn't relate to the psychology of how people actually are. People, when wanting to gain useful, educational content, love to have something visual to read in order to really take it in. When wanting to just gain a basic idea, they tend to scan a document - which they can't do with an audio file. On the other hand, when wanting to learn about something in depth, people prefer like to study over the facts for longer, and linger on specific information more. This again can only be done on hard copy, as it would be a hassle to tamper with an audio file to find specific details in the article or specific sections. Not just that, but the whole idea behind short educational audio files not actually being popular in the market might simply be because when people get a short amount of time like 7 minutes, on most occasions they'd rather do something leisurely in that time like listen to music, rather than spend it listening to educational content. This is a point I hadn't considered at large in my research, but it became apparent to me here when looking at this company: a startup should always have an idea that is relevant to the public and their habits. Many ideas can be thought of that are different and fresh, but they wont flourish if they are something the public wont relate to. For this reason, regardless of how good their business model, team, or target market is, I don't think they will have the potential for success because they aren't in line with the way the market and its users are as of right now.

Although this paper did provide me with an in-depth knowledge of what makes a good startup, it also gave me a deeper understanding of the possible strategies used by some of the most successful companies to thus dominate the market. With this knowledge, I will be able to understand not only the companies, but also how the business market work as a whole.

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