



300+ VC Questions for Startup Founders

Credit: Pawel Maj

Fundraising

1. What's the size of the round?
2. What's the allocation of the funds?
3. What are the KPIs for this round?
4. What's pre-money valuation?
5. How did you determine the size of the round?
6. What is the progress of talks with other investors?
7. Why do you need a round if you already have positive EBITDA?
8. Do you already have term sheets from other funds?
9. What are your expectations regarding the valuation?
10. Who wants to invest?



11. We expect a x10 return on invested capital and we do not know if it will be possible to take into account your expected valuation.

12. Why do you need a round?

13. What is the expected runway from this round?

14. What kind of investor are you looking for?

15. What is the plan for the next round?

16. Is it possible to tranche the round?

17. Whether the next round be at home or abroad?

18. At what stage are you with fundraising?

19. Tell me more about how are you planning to spend this money to expand internationally.

20. What kind of value-added do you expect from an investor?

21. Do you want to close the round with one investor or more than one?

22. What kind of investors are you looking for in this round?

History

23. When the company was incorporated?



24. When was the first commercial invoice/revenue?

25. How much cash has been fundraised up to date?

26. How did you finance the company until now?

27. Where did the idea come from?

Formalities

28. What is the legal entity of the company?

29. Where is your company incorporated?

Team

30. What is the size of the team?

31. Do you have a CTO?

32. Who are you planning to recruit in the near future?

33. Aren't salaries for your employees too low?

34. How do you attract employees to the company?

35. Please provide more Information on current employment

36. Do you have support staff?



37. What are the key hires?

38. What is the division of responsibilities in the team?

39. Who is full-time and who is part-time?

40. What are the main competencies of key team members?

Exit

41. When do you plan to exit?

42. Who could be a potential buyer?

43. There are many similar solutions on the market, so why would anyone take your company?

44. We do not see what could drive the growth of the business so that we would have a 30x increase in the valuation on the exit.

45. What is the potential exit for investors?

46. When are you ready for the exit and are you planning any more rounds?

47. What is important for a potential buyer?

48. How to make an exit if so far nobody has succeeded in this segment?



49. How do you plan to grow your company to reach XYZ valuation (usually x30 from the current round)?

Founders

50. What is the time commitment of each of the founders?

51. What is the founders' salary (including benefits, cars, etc.)?

52. What is your background?

53. What is your end-game

54. Do you want to sell the company, and if so, when?

55. When and how did you meet?

56. How long have you been working together?

57. Are you willing to lower your salary at least until the next round or correlate it to the MRR?

58. How long do you want to be in the company?

59. What do you want to do with the company?

60. How do you want to manage people?

61. How do you motivate people in your team?



- 62. List the top 3 features of the organizational culture you want to build
- 63. List the top 3 characteristics of people who achieve success in business
- 64. List the top 3 ways to build authority
- 65. List the top 3 components of a good manager
- 66. What is the result of the manager's work
- 67. How do you share tasks with each other?

Cap table

- 68. What is the ownership structure?
- 69. Is there an ESOP?
- 70. Who are the investors, and when and how much have they invested?
- 71. How did you acquire current investors?
- 72. To what extent are current investors active?
- 73. What will be the ownership structure as of the transaction date?

Market and competition

- 74. Who is a local, regional, and global competitor?



75. Please provide a detailed comparison to your competitors
76. Who is your competition in Europe and who in the world?
77. Do you have a detailed analysis of the competition in the US?
78. Why your solution is better than XYZ?
79. Why did you omit X, Y, and Z companies in the competition analysis?
80. What are the entry barriers?
81. How has the pandemic affected your market and what will happen after the pandemic?
82. There are many similar solutions on the market, so what's the difference?
83. It will be difficult for you to build an advantage over the long term, so how do you want to approach it?
84. What is the value of the system for a customer who already uses a similar tool?
85. What is the competitive environment?
86. Who of your competitors has recently fundraised, in what amount, from whom, and at what valuation?
87. Large corporations use legacy systems, so why do they need your system?



88. How did you define the size of the market?
89. What are your TAM, SAM, and SOM and how did you calculate them?
90. What are your advantages?
91. What are the entry barriers for foreign competition?
92. Is the market ready for this type of solution?
93. Which market is the most promising?
94. What about traditional competition?
95. How fast the market grows?
96. What share do you have in key markets?
97. To what extent are Microsoft, Google, or Amazon your competitors?
98. Who prepared the comparison to the competition?
99. What competition are you comparing yourself to?
100. How do we compare ourselves in terms of prices?
101. Do you know the valuations at which other companies in the industry were acquired (multipliers)?



102. Do you see any opportunity for yourself from the analysis of competitors' business models?

103. Who is the most significant competitor?

104. Will companies X, Y, or Z enter this business?

Finance and metrics

105. What is the amount of revenues for the last year?

106. What is the revenue forecast for the current year?

107. What's an explanation for the high volatility of revenues?

108. How do you count the MRR?

109. How do you count churn?

110. How many customers extend their contracts?

111. How do you count CAC?

112. Do you have any overdue receivables?

113. How do VAT settlements affect cash flow?

114. How do you calculate the costs of entering a new market?



115. Do you have any cars as the company?

116. How do you track system usage?

117. How frequently do users log in?

118. What are your monthly costs?

119. How do you plan to increase LTV and ARPA?

120. What are the main reasons for churn?

121. What is your ACV?

122. What is the average contract duration?

123. How much did you spend on creating the system?

124. What are the system usage metrics by users (i.e. how often, how much time, which modules)?

125. How many clients do you have and how many prospects are you currently talking to?

126. How much revenue is generated by SaaS and how much from services/implementations?

127. What are your revenue streams?



128. What is the cost structure?

129. How do you define an active user?

130. Why MAU is 50% of registered users?

131. What is the average number of logins per user?

132. When will you reach BEP?

133. Is LTV calculated after deducting the distributors' margin?

134. On what assumptions have you prepared the forecasts?

135. Why is your MRR changing this way?

136. What cash does your cash burn?

137. Aren't your marketing expenses too low?

138. What MRR do you expect at the end of this year?

139. Which customers pay the most?

140. What is the average ticket per client?

141. What is the geographic distribution of revenues?

Product



142. Can you please provide access to the demo version?

143. Can we schedule a separate meeting to go through the demo/product?

144. What languages is the system available in?

145. What is your USP?

146. Which functionalities are most important to customers?

147. What is the product development roadmap?

148. Is there a technological debt, and if so, what kind?

149. How do you plan to develop further the product?

150. How do you rate current UX?

151. Do you plan to change UX in the near future?

152. Are you planning to create a native application?

153. Is the entire IP in the company?

154. Which elements of the system you wrote yourself and which you took from the shelf?

155. Do you have a need to develop ML / AI in the near future?



156. Why do you need ML / AI – we don't see the need for it besides PR for this / next round

157. Who creates the content?

158. Why your website does not fully reflect the system and its features?

159. Does the client have to integrate with your software?

160. Do you have the plan to create a marketplace?

161. In what technology is the system written?

162. Have you written the system yourself?

163. What kind of integrations do you plan in the near future?

164. Do you integrate with other systems, and if so then how?

165. Where do you get your content from?

166. What is your product strategy?

167. Do you develop the system internally or through a software house?

168. What is your main value proposition?

169. What are system security and data protection issues?



170. To what extent should the system be adapted to the needs of a given market?

171. What is the point of combining two products?

172. Are there elements of gamification?

173. How do we collect feedback from clients?

174. Who acquires the rights to the content?

175. Where do you buy parts/components?

176. How many parts are from XYZ country?

177. What is the availability of components (including processors and electronics)?

178. Where do you produce your devices?

179. Do you use neural networks, and if so, how?

180. Do you manufacture the hardware yourself?

181. What is your hardware production time?

182. What is the use case of your system?

183. What are the examples of ML / AI in your system?

184. Do you integrate with legacy systems?



185. How do you train your ML / AI models?

186. What is the responsiveness of your database?

187. Does customer information or data pass through your system?

188. How advanced is your system/product?

189. To what extent the current version meets the needs of your customers?

190. To what extent are you just an integrator?

191. Are you subject to any regulations?

192. Do you have an AI and, if so, how many algorithms are in the system?

193. How much does the system actually learn and what it learns from?

194. What is your defensibility?

195. Do customers have a problem that the system being in the cloud?

196. Do you have an API and what does it look like?

197. To what extent can customers onboard themselves?

198. What needs to be changed in the system to enter the XYZ market?

199. Where do you see your product in the future?



200. How long does it take to implement the solution?

201. What is unique about your product?

202. Which features are currently available and what is still working on?

Sales & Marketing

203. How do you acquire leads?

204. What is the pricing?

205. Who is the contact person on the client side?

206. Can you provide several reference contacts for your clients?

207. What is the size of the sales team?

208. Why clients do not extend their contracts?

209. How do you want to sell outside of Poland?

210. How much sales come from Poland and how much from abroad?

211. Why do customers buy your solution?

212. How do you plan to further develop sales in Poland and abroad?

213. Do you have a pre-selection of partners abroad?



214. Are you planning to change the pricing in the near future?

215. Why do you want to sell abroad?

216. Are there any other verticals on which you want to focus on?

217. What causes customers to extend their subscriptions?

218. Do customers pay monthly or annually?

219. How many sales had been generated through the founders' network?

220. What does the sales funnel look like?

221. What is your business model?

222. How do you monetize?

223. Have the clients used a different solution before?

224. What is your idea for international sales?

225. How to go abroad and increase scale x10?

226. What does the sales process look like?

227. What does the implementation look like?

228. How much % do you sell online and how much offline?



229. Who is your customer's decision-maker?
230. What has already been done in terms of scaling abroad?
231. Do you have any indirect sales channels?
232. Who are the customers / what are their characteristics?
233. Does your pricing depend on the number of users?
234. How do you want to sell to the long tail?
235. Do you also want to enter the B2C market?
236. What is your sales strategy?
237. How do you reach your customers?
238. Who are your partners?
239. Is the sale and implementation process completely online?
240. Does the customer pay for the implementation separately?
241. How long is the selling process?
242. What does onboarding look like?
243. Who generates leads?



244. Is your solution applicable to smaller companies?

245. What does pricing depend on?

246. Who is your persona?

247. How troublesome is onboarding?

248. What are the obstacles to international scaling?

249. How do you deal with selling to corporations that use solutions imposed by the headquarters?

250. How the sales funnel has changed since our first meeting?

251. Do you sell mainly to corporations or SMEs?

252. How did you make the decision to select markets for expansion?

253. On what markets are you focusing?

254. Why the focus on the XYZ market/region?

255. How quickly do you want to increase your sales?

256. Why don't you sell in country XYZ?

257. To what extent are the partners crucial to enter the next market/country?



258. Are contracts with partners exclusive?
259. Do the partners offer other products to customers in addition to your solution?
260. What is the sales cycle?
261. How many leads and sales per month generates one salesman?
262. What will be the driver of the growth in the near future?
263. To what extent sales are seasonal?
264. Where do you get the leads to foreign clients?
265. What is the motivation of customers to use your system?
266. How scalable is the company?
267. What is the implementation time from signing the contract to going live?
268. Is the system dedicated to sector XYZ only?
269. What is your plan for sale and distribution?
270. Why client XYZ chose you?
271. What sector are you focusing on?
272. In two years you plan to increase your sales x3 - why so slow?



273. Who is your best customer and why?

274. To what extent is your pricing fixed?

275. How do you want to sell abroad?

276. How do you predict your sales by sector in a few years?

277. What are your customers' greatest concerns about your system?

278. How do you measure your customers' success?

279. What are the key customer metrics that you track?

280. What is your model for settling accounts with partners?

Hardware-related questions

281. What is the cost of production?

282. What is the first margin?

283. How many suppliers do you have (including from China)?

284. Do you plan to offer leasing/subscription for the device?

285. What % of parts are custom-made?

286. What are the purchase price and selling price?



287. What is the return on investment for the client?

288. How many components of the device are there and what is their availability?

289. How many parts are imported from Asia and what are their availability and delivery time?

Other

290. What threats to your business do you see?

291. Where do you see yourself in three years?

292. What did you change during Covid?

293. Where is the IP?

294. What has changed since the previous meeting?

Requests regarding additional documents

295. Financial model

296. Cap table

297. Market analysis (size, growth rate, key trends)

298. Detailed competition analysis

299. Product road map



300. CV/description of founders and key employees

301. Key metrics

302. Access to the system/demo

303. Sales funnel/pipeline

304. Sales presentation

305. Pricing

306. User statistics (number of logins, time per session, etc)