

URL: <https://stvp.stanford.edu/clips/beyond-product-market-fit>

Alongside evidence of product-market fit, what are other ways to convince a venture capital investor that your startup has serious growth potential? Bessemer Venture Partners operating partner Jeff Epstein observes that clear technical advantage and built-in network effects can add to the argument that a company is a venture-scale business.



Transcript

- What are other ways of reducing risk? 00:00:03,850 Well, if you're an investor, ideally, you'd like to see that your company has a technical advantage over all the other alternatives out there.. So for instance, when Google launched Google Search, there were half a dozen other search engines, but the Google page rank algorithm was a different and superior way of doing, of getting search results.. And the investors initially in Google felt that this was a much better way of doing search.. Another key thing to look for is network effects.. When you have a company like Uber, where if you have more drivers, you can deliver-- the car can show up faster to the consumer.. If you have more consumers, you generate more ride per driver.. That's a classic flywheel network effect business and investors love to see network effects.. It's another way of reducing risk...