






Vaibhav Domkundwar 

@vaibhavbetter



Why investors pass 

 India-specific.

1:26 PM · Feb 20, 2022

 42

 214

 1K

 817





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



Ground Reality

A compilation of recurring reasons why investors pass based on my close association with 250+ fundraises - includes reasons I pass as well.

Investors often don't say this out loud in order to pass politely. The intent is to help founders see an exhaustive list.





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



TAM (Total Available Market)

We don't feel comfortable with the TAM you are going after. We aren't sure if it's large enough, accessible enough, monetizable enough, and if it really needs your product.

We prefer to wait until you truly prove out the TAM.





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



Crowded Market

There are too many players doing this. The market is unlikely to have multiple winners. We aren't sure if you have any differentiation to rise above the noise & win in this crowded space.

If you plan on winning with better execution, we prefer to wait to see it.



1



2



51





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



Founding Team Quality

We don't see a top-tier pedigree in this team. We don't see outlier execution to use as a proxy for team quality, either. We'd rather wait & watch if this team can truly execute because there is nothing right now that jumps out at us team-wise.





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



Founding Team Quality

We don't see a top-tier pedigree in this team. We don't see outlier execution to use as a proxy for team quality, either. We'd rather wait & watch if this team can truly execute because there is nothing right now that jumps out at us team-wise.





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



Lack of Technical Co-founder

There's no way this idea can be executed without a strong technical co-founder. You can't really hire for this role & I am wondering what this team is thinking pursuing this idea without a top-notch tech co-founder.



2



40





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



Failed Competition

We've seen this done before and it just did not work. There are multiple problems with this market and we've seen some top-notch teams fail trying to build this.





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



Scalability

We don't believe this is a venture scale opportunity and there are multiple challenges in this market that will prevent any solution from scaling to be able to build a large company.





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



Monetization

It is really hard to monetize this market and this TG has never paid for anything before - how can this team/product create large enough monetization to justify going the venture capital route.





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



Technical Risk

We like your idea but we are not sure if it's possible to build this tech and get it right. The technical risk is too high and we'd like to see a PoC with an early customer or two before we can explore an investment.





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



Freemium doesn't work in India

Indian users don't pay and the freemium model is unlikely to work at a large enough scale to imagine a \$100M run rate business. We are not ready to take this punt and are happy to be wrong.



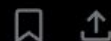


Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



Can this team sell to the US market?

Global SaaS is hard to do from India and we are not sure if this team can sell to customers in North America - they have no sales experience in the founding team & we'd like to see some US traction to go by.





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



Nobody else is investing

We like the company but we worry about everyone else passing which increases the risk and we aren't sure it's wise for us to take this punt when most other VCs we respect aren't hot on it.



2



25





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



We don't like lending

Lending is harder than most founders think and we aren't sure that you can pull off scaling lending when every other company is trying to do the same. It's really hard & we are not interested if lending is your sole business model.





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



K12 Edtech is done

We believe the large edtech players will do it all and no new large company will be built in K12 - and we can't take the risk even though you've demonstrated great early traction and user pull.



3



6



36



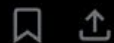


Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



You are not ex-Freshworks/Zoho

In SaaS, we think ex-Freshworks/Zoho teams know the model of how to build global SaaS from India and we prefer to invest in those teams even if they are pre-product over teams who haven't lived the playbook.



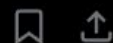


Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



We don't do hardware

We are not confident about building a venture scale hardware company from India even if you move to the US etc. Hardware is hard and we just don't do it.



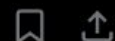


Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



This is too ops heavy

Your business is too heavy on operations and even if you build a ton of tech for it, we just don't feel comfortable about the scalability of what you are building. Very few teams have cracked ops scale.





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



It's too early

We think you are too early for us (yes, in spite of the fact that we do some pre-product checks) and the traction numbers are too small. We'd like to see what usage and retention look like at some decent scale to feel excited about your company.





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



Fundraising ability

We aren't sure if you can raise capital from top-tier investors and in your segment, you will need to raise multiple rounds - without at least one person on the founding team who can raise well, we don't feel comfortable investing.



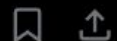


Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



You are profitable, but...

We like the fact that you've been profitable & it is a reflection of the opportunity you are going after, but we are still not sure of the business and TAM & your choice of focusing on profitability vs gunning for growth.





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



Who you've hired is not impressive

We aren't sure of your ability to recruit the best talent, especially looking at the hires you've made so far. They are B players at best and that is a big red flag.





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022




Your refs are negative

We are not impressed with your references and that has led us to a dramatic decrease in our interest in pursuing this further.



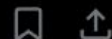


Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



Your sample size is small

Your numbers are great but we are not sure if these will scale past the current city/state/segment you are in right now. Too small a sample size for us to extrapolate these numbers. We will wait.





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



Interesting model, but...

We like your fresh thinking on figuring out distribution but we are not sure how this will pan out and if it will indeed allow you to access the large TAM you think you will get to. Great work on the model, but we will wait and watch.





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



Your data is choppy

We understand that you are early but the choppiness in your data is very concerning to us. Retention + revenue choppiness usually tells you something is not right. Do you know what it is? We will need to see less choppy data to build conviction.



1



16



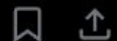


Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



Unclear path to \$100M

We can see that you will get to \$25M ARR but we are unable to see how you can get to \$100M ARR and everything you've shared still doesn't bring clarity to this. Without a \$100M ARR roadmap, we are not sure this is for us.





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



We are just looking..

Like you walk into a luxury store to browse stuff & not to buy - like that, we are just looking at you to learn, understand, gather data etc.

PS: this is the most unfair one, which I deeply disapprove of.





Vaibhav Domkundwar  @vaibhavbetter · Feb 20, 2022



Negative gut feeling

We did all the work & really like almost everything but our gut feel right now is naggingly negative - and we just can't do it.





Vaibhav Domkundwar  @vaibhavbetter · Feb 21, 2022



Solo Founder

We appreciate that you believe you can pull this venture scale app as a Solo Founder but we generally don't invest in solo founder deals & would urge you to find strong co-founders for the long hard journey ahead. It helps.



6



1



16





Vaibhav Domkundwar  @vaibhavbetter · Feb 22, 2022



Not betting against Facebook's network effects

We like the early PMF & wedge for your social product, but like many global investors, we are not comfortable betting against Facebook's network effects - just incredibly hard to get true organic scale in social in our opinion.

