

A Founder's Field Guide to Data-Driven Venture Capital

How Modern Venture Capital Evaluates, Scores, and Funds Startups

Bao Tran

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Saratoga, CA, USA

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Preface

The first time I raised capital—back when due diligence meant a coffee meeting and an Excel sheet—the game was personal. You could read a room, sense hesitation, and overcome bias through storytelling and persistence.

Today, things have changed.

When you pitch a venture fund in 2026, you're not just pitching the partners on the call. You're also pitching their **machines**, the invisible agents that analyze your company before, during, and after every conversation. The email you sent, the traction screenshots, the hiring trend on LinkedIn, the jobs you posted, and even who supports you—all of this feeds internal models that decide whether your startup is worth a deal.

That's not science fiction. It's the system I helped build.

At Tran.VC, we run an AI-focused system. Our data pipelines track hiring speed and turnover, agents organize every founder call, and models estimate fit with our investment goals. Many leading/data forward funds now do the same. The best firms don't just digitize venture; they **instrument** it.

For founders, this situation is both scary and freeing. It's scary because unclear algorithms now determine who gets a meeting. It's freeing because you can learn the rules, break down the process, and navigate the system with much more control than before.

This book serves as a guide for that new landscape. It is not just another "how to raise venture capital" book like the ones before. It is a field guide for **understanding the machine**. You will see what data-driven VCs really seek and how AI alters sourcing, diligence, negotiation, and portfolio support. You will also learn how to use these tools to improve your chances.

I've drawn heavily from the Data-Driven VC Summit 2026 and from the way firms like Headline, IRIS, Point Nine, Atomico, Goodwin, and others have rebuilt investing from the ground up using AI. Hidden

within their discussions and systems is a complete guide for the way the next generation of VCs operate. This book translates that guide into actionable steps for founders.

Every chapter is written for them, not financiers. You'll learn how to (1) break down the scoring models that rank you, (2) match your public "data exhaust" to those signals, (3) read what "we're alignment-modeling you internally" actually means for your round, and (4) decide where to draw your own lines on data sharing and speed.

The goal isn't to please the algorithm. It's to make it mostly irrelevant. Your company, your execution, and your own AI fluency should speak for themselves.

How to Use This Book in One Week

If you're raising in the next 6–12 months, here's a practical way to use this book fast:

- ☐ **Days 1–2: Clean your footprint.** Read Chapters 1–3 and run the "signal hygiene" audit on your website, LinkedIn, hiring, and basic metrics. Address any clear contradictions. Write your main description.
- ☐ **Day 3: Self-score like a VC.** Use Chapter 4 to score yourself on Team, Traction, Market, Network, and Fit. Have two outsiders rate you too. Turn gaps into milestones that span 6 to 12 months.
- ☐ **Day 4: Design your investor updates and data room.** Use Chapters 3, 4, 6, 9, and 11 to create a one-page metrics brief and a monthly or quarterly update template. This should clearly align with how funds receive and track you.
- ☐ **Day 5: Map and prioritize funds.** Use Chapters 2, 5, and 10 to sort funds into AI native, hybrid, and legacy categories, and determine where you want to focus. Begin your target list and outreach scripts.
- ☐ **Days 6–7: Define your Red Lines and Scripts.** Read Chapters 7 and 8 and the "Founder Red Lines" sections. Decide in advance what data access, terms, and timing you will accept and which ones you won't. Draft the emails you will send when you feel the pressure or need to act quickly.

You can read this from start to finish. But you don't have to. Think of it as a set of tools to help you with your fundraising. When something seems unclear, unfair, or random, there is usually a system behind it. The upcoming chapters will help you understand it and react in your own way.

If anything, remember these three things:

- You are always being scored. Before you email a fund, its systems have already formed an impression of you based on your public data exhaust.

- You can't hide, but you can shape the data. Clean, consistent signals across every online presence—website, LinkedIn, Crunchbase, job boards—are the single most impactful move you can make.
- This book gives you actionable steps to improve that score without faking anything. Every chapter ends with a specific deliverable you can create this week.

Map of the Machine

The entire book follows one flow. Here is how data-driven venture capital works:


Pipeline Flow
Data exhaust
Ingestion
Scoring
Human workflows
Term sheet
Portfolio health

Every chapter teaches you to see—and influence—one stage of this pipeline. Start anywhere; the flow above tells you how the pieces connect.

Meet Three Founders

Throughout this book, you will follow three composite founders as they navigate the machine:

Maya, PLG SaaS seed founder: 18 months in, strong product-market fit, messy public data, raising her first institutional round
Andre, deeptech infrastructure pre-seed: PhD background, hard-science IP, needing to convince funds of his TAM's validity and optimal market timing
Lena, AI-enabled services company pivoting to product: Enterprise contracts, modest but real revenue, addressing the gap between services and software in VC scoring models

Each persona will show you how the chapter's concepts play out in practice—before and after applying the playbook.

Any source code or other supplementary material referenced by the author in this book is available to readers on GitHub. For more detailed information, please visit https://www.apress.com/gp/services/source-code.

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About the Author

Bao Tran
is Managing Partner at Tran.VC, an AI-native early-stage venture firm that uses data and machine intelligence to source, score, and support startups. He is also the founder of PowerPatent, a SaaS platform that streamlines IP workflows with AI, and a partner at PatentPC, where he has spent more than a decade advising founders on patent strategy, defensibility, and IP-driven valuation.

Trained as both a patent attorney and an operator, Bao built his career at the intersection of law, engineering, and venture. He architected major patent portfolios (including at Invisalign's parent company) and later moved to Silicon Valley to work with software companies before launching his own ventures. This dual vantage point—designing IP strategies from inside operating companies and backing founders as an investor—gives him a granular view of how technical moats, data, and legal rights actually show up in diligence, term sheets, and exits.

Bao writes and speaks frequently on startup moats, AI-enabled venture capital, and how founders can turn their product and data into durable, financeable IP assets. He has delivered talks and workshops for product leaders, startup accelerators, and investor audiences on leveraging IP to grow company value and on the emerging playbook of data-driven VC. His work at Tran.VC—building an instrumented dealflow stack and portfolio intelligence system—provides the real-world systems perspective that underpins *this book*.

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Ben Dubin



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1. The New Gatekeepers

Why Your Next Investor Will Be Part Human, Part Machine

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1.1 The Email That Wasn't Your First Contact

You send the email at 11:37 p.m. You've triple-checked the deck, rehearsed your narrative, and secured a mutual connection to a well-known seed fund. You hit send, shut the laptop, and tell yourself: the fundraising process begins now.

What you don't see is that, in the few seconds your message travels, it enters an ecosystem that has been observing you for months.

Long before your email arrived, the fund's systems captured your recent job postings, noted a jump in your co-founder's public GitHub activity last quarter, recorded your product's launch on a niche community site, and stored your incorporation data and early press.

By the time a human partner reads your email, a nonhuman process has already formed an opinion about you. You are not emailing a blank slate; you are emailing into a machine that has already decided whether you are interesting or ignorable.

This chapter explores that machine: its origins, its workings, and its implications for you as a founder entering the "new gate."

1.2 How Venture Used to Pretend It Worked

For most of its history, venture capital presented itself as an art form. The prevailing narrative centered on pattern recognition and gut instinct, with deals sourced through serendipity and networks, and decisions made instinctively based on incomplete information.

This narrative held a degree of truth; indeed, many legendary investments stemmed not from careful models or dashboards, but from individuals making bold, early calls.

Yet, beneath this artistry, data always existed: insights into team execution speed, correlations between introductions and successful outcomes, sectors yielding power-law returns, and overall portfolio behavior. For decades, however, this "data" remained scattered across notebooks, human memory, and occasionally poorly maintained CRMs. It was messy, incomplete, and rarely utilized systematically.

Then, two pivotal developments occurred: the plummeting cost of storage and computation and an explosion of startup-related data. Some of that data is public or semipublic—LinkedIn profiles, GitHub activity, app store listings, job postings, conference agendas, podcast transcripts, and press mentions. Other signals, such as Stripe, Shopify, or AWS-linked usage; customer and revenue metrics; CRM activity; and email metadata, are generally visible only through consented integrations, data-room materials, vendor relationships, portfolio tools, or public proxies. The point is not that investors can see everything. It is that they can now connect far more signals, from far more sources, than venture firms could a decade ago.

Anecdotal memory could now be transformed into structured data; what was once considered "gut instinct" could now be instrumented.

1.3 Three Forces That Created AI-Enabled VCs

Three overlapping forces pushed funds from story-driven to data-driven.

Competition for dealflow: As capital flooded into venture, the number of funds multiplied. This led to intense competition for the same finite pool of high-quality startups. The once-sufficient claim of

being “better networked” was no longer enough. Instead, true differentiators became proprietary views on the private market, including earlier detection, broader coverage, and internal pattern libraries.

LP pressure and accountability: Limited Partners began asking pointed questions: How are deals sourced? How are investment decisions made? How is process improvement measured? For investments totaling hundreds of millions of dollars, simple “pattern recognition” no longer sufficed; instead, LPs increasingly asked for dashboards, funnel metrics, and loss-ratio analytics.

The maturation of AI: With reliable entity resolution, large language models capable of reading and summarizing unstructured text at scale, and simple yet robust models able to correlate features like hiring growth or retention curves with better outcomes, it became feasible for venture firms to operate much like small software companies. This involved building internal products, running experiments, and continuously iterating on their “algorithm for good deals.” Many firms quickly adopted this approach.

1.4 What an AI-Enabled VC Firm Actually Is

Stripped of marketing, an AI-enabled venture firm is simply a small technology company with a capital-allocation mission.

Beyond the partners and associates, you will often find data engineers at advanced funds managing ingestion pipelines from dozens of sources, a platform or data-product lead overseeing internal tools and dashboards, at least one ML-literate engineer maintaining scoring models, and a dedicated platform team building founder-facing tools such as portfolio dashboards, recruiting support, and introduction systems.

When you attend a partner meeting, you encounter the front office. However, your first true contact is usually through the back-office system—long before any human has developed a strong opinion of you.

1.5 The Four Layers of the New Gatekeeper

It helps to imagine a four-layer stack:

Data ingestion (sensing): Continuous crawling of data from company registries, hiring platforms, code repositories, app stores, payment and commerce partners, news sources, social media, and third-party data providers

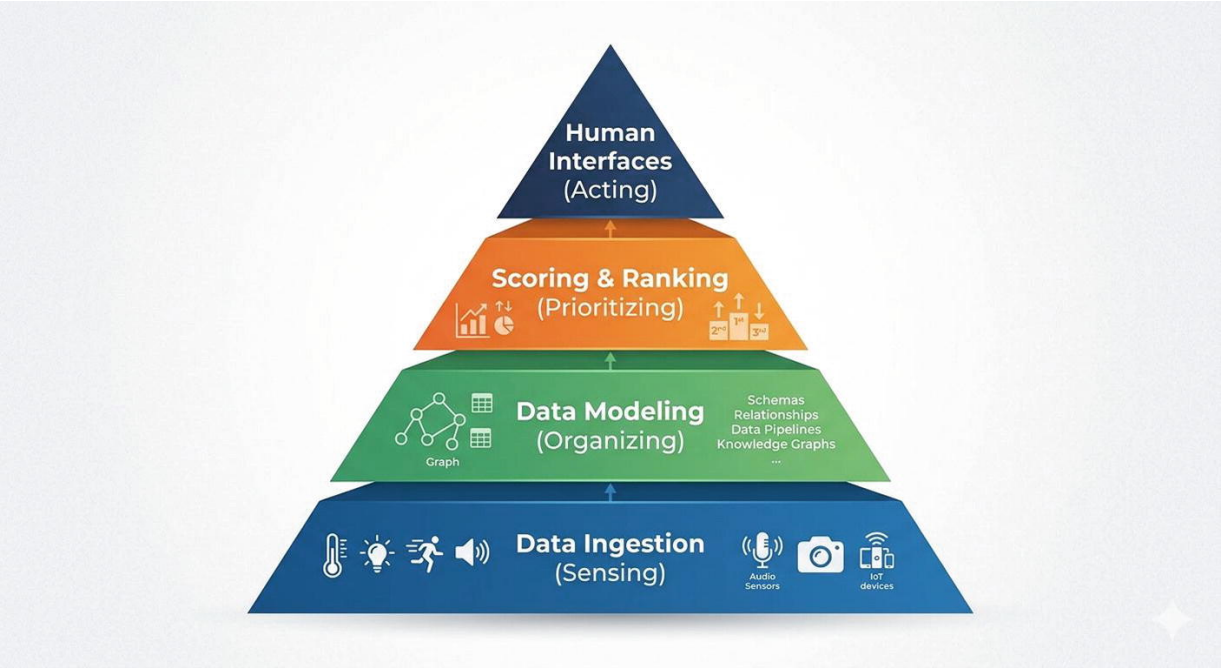
Data modeling (organizing): Entity resolution, deduplication, normalization, and ontology transforming scattered traces into coherent "company" and "person" objects, linked over time

Scoring and ranking (prioritizing): Fit scores relative to thesis, urgency scores (e.g., "we should reach out now"), and health/risk scores for portfolio companies; models learning from past deals, analyzing winners and losers, and identifying sector-specific patterns

Human interfaces (acting)

Examples include dashboards for partner meetings, dealflow views, internal search capabilities (e.g., "Show me seed-stage workflow AI in Europe with >$20k MRR and strong hiring velocity."), and tools for memo drafting and note summarizing.

This entire system—comprising data ingestion, modeling, scoring, and user interface, all overseen by humans—serves as the "gatekeeper" between you and a check.



1.6 Why This Is Both Threat and Opportunity

It's a threat because your public footprint, third-party/vendor data, and any nonpublic information you share through data rooms, integrations, portfolio tools, or diligence workflows can all become inputs into unseen scoring systems. Even when the data is lawfully obtained or consented to, those systems can influence who gets meetings, how quickly founders are escalated, and whether historical biases are reproduced in the process.

However, it's also an opportunity. The same system can **incorporate corrections** once attention is paid. Undeniable traction and clean data can override pedigree bias, and by understanding how the system works, you can influence what it sees and how it interprets your profile.

AI-enabled funds seek great companies that don't fit past molds, and they demand clean, consistent data to build conviction and accelerate decisions. If you present your company in a way that makes sense to their models and resonates with their human teams, you gain an edge over founders who still assume venture capital relies solely on charisma.

1.7 Your New Responsibilities As a Founder

Beyond building products and pitching well, you must do other things:

Manage your public data exhaust: Ensure clean, consistent facts across platforms, press, and your own materials.
Create a single internal source of truth: Develop a reliable and documented set of metrics that can be consistently shared across slides, spreadsheets, and dashboards, ensuring no contradictions.
Understand how your story will be summarized: Assume that your words will be paraphrased by a machine for an audience that wasn't present.
Anticipate model questions: Remember that gaps, inconsistencies, and anomalies are risk flags, so prepare explanations for them in advance.
Choose your visibility consciously: Strategically decide what information to expose and when, weighing transparency against competitive risk.

These are not mere "performance" tasks. Instead, they represent the fundamental disciplines required to run a serious company: clean data, clear narratives, and thoughtful risk management.

1.8 From Awe to Literacy

Many founders still perceive venture capital with an air of mystique, wondering why certain funds are "hot," some partners are "legends," and gaining access seems to depend on charisma and luck.

When AI enters the picture, this mystique often transforms into fear: "We're being judged by black boxes; I don't know what signals they care about; I can't see or control any of this."

The solution lies in literacy. By understanding the data venture firms likely possess, the way it's structured, and the strengths and weaknesses of their models, founders can stop viewing the process as magic and instead see it as a system. This shift moves them from feeling

like a “victim of the machine” to becoming a “strategic counterpart in a machine-mediated conversation.”

1.9 Founder Playbook Actions: Week 1

Before we go deeper, do the following:

- Run a **two-hour data exhaust audit,** using the checklist in Chapter 3. Fix the worst inconsistencies across LinkedIn, your website, major databases, and job posts.
- Write a **one-page canonical description** of your company (one to two line summary, one paragraph, three to five bullets, standard funding language). Use only that going forward.
- Draft a **simple metrics brief**: Five to seven core numbers (users/teams, revenue if applicable, retention proxy, growth) defined clearly enough so that you could confidently share them.

These three moves alone will help you make a stronger impression and be more highly regarded by most AI-enabled funds than the majority of founders they encounter.

WHAT YOU WILL HAVE IN YOUR HANDS (CHAPTER 1)

- A one-page "Company Object" summary draft: your company as a VC's system would see it
- A short canonical description (one-liner, one paragraph, three to five bullets)
- A list of your top three data exhaust inconsistencies to fix this week

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2. Inside the AI-Enabled Fund

How Investors Actually Work Behind the Dashboard

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In this chapter, you will learn about the internal structure of AI-native VC firms: the tools they build, the data they ingest, and the way their teams operate. You will then produce a short internal document categorizing three target funds as AI-native, hybrid, or legacy.

2.1 Why You Need Their View

From your side, fundraising looks like a sequence of emails, meetings, and "let us sync internally" replies. From the fund's side, it looks like a workflow inside a software stack.

To navigate that stack, you need to understand how you first appear in their system and are scored and routed, how your story is converted into an internal memo, and where humans still make key judgment calls.

This chapter walks you, step-by-step, through the internal workings of a modern AI-enabled fund—from your initial signal to the moment someone decides to call you or quietly move on.

2.2 The Fund As a Capital-Allocation System

Historically, a fund was a straightforward entity: a partnership agreement among a handful of GPs, supported by office space, administrative staff, and a legal structure for pooling capital.

Today, advanced firms incorporate a small data engineering team, internal tools and dashboards, a suite of ML models, and an

operations/platform team that operates like a product organization.

This evolution means you're no longer just pitching a group of people; you're interfacing with a capital-allocation system that has humans on top.

2.3 A Walk Through the Stack (Sensing → Thinking → Collaborating → Executing)

Think of an AI-enabled fund as four interconnected layers:

- **Sensing:** How they "see" the market at scale
- **Thinking:** How they organize information and score opportunities
- **Collaborating:** How people inside the firm talk about you
- **Executing:** How decisions become term sheets and ongoing support

We'll focus here on the parts you can influence directly.

2.4 Sensing: How You First Appear

You rarely appear because someone types your name into a spreadsheet. Instead, you surface when something you did triggers a sensor—like a launch announcement, new job postings, a co-founder's title update, a product listing, a mention in a portfolio founder's update, or a scout logging your activity.

Automated feeds pull in these events, semiautomated processes enrich them, and humans add notes. Your "first impression" is almost always an event, not your pitch.

Founder move this month: Make a quick list of your last six public or semipublic "events" (launches, hires, posts, mentions). For each, ask the following: "If this were the *only* thing a fund saw about us, what would they infer?" Fix any that misrepresent you.

2.5 Entity Creation: Becoming a Record

Once a sensor fires, the system asks: **"Have we seen this before?"**

If no, it creates a company object (name, domain, location, category, tags, early metrics) plus linked person objects (founders, key team members).

If yes, it updates the existing objects: new funding round, headcount change, category change, new notes.

The quality of your underlying record is paramount, as every subsequent step—scoring, prioritization, and outreach—hinges on it. Misclassification, conflation with another company, or inconsistent naming will inevitably lead the system to misinterpret you.

While you can't access their internal databases, you can proactively ensure consistency in your naming and descriptions, verify that major third-party databases contain accurate core facts, and steer clear of frequent, disruptive rebrands.

In a world where your entire company exists as a record, metadata isn't just data; it's your strategic advantage.

2.6 Thinking: In-Thesis, Fit, and Attention

Once you're a coherent record, the "thinking" layer kicks in. It tries to answer three questions:

Are you in thesis?

Are you promising enough to spend time on?

If yes, who should engage with you?

In-thesis vs. out-of-thesis: Each fund defines its investment criteria, including stage, sector, geography, check size, and other filters such as business model, capital intensity, or regulatory domain. Tags derived from your positioning, current investors, and metrics determine whether your company falls within their scope.

Fit and momentum: If you're plausibly in thesis, a fit model evaluates your team, traction, market, and network. This score doesn't decide the investment itself; it decides **attention**—who rises to the top of which inbox.

Think of it like spam filtering in reverse: A low score means you're stuck in a crowded inbox, while a high score ensures you're quickly escalated to someone who can act.

Your job isn't to get a perfect score but to cross the "we should talk to them soon" threshold.

2.7 Collaborating: How They Talk About You

Once you clear that threshold, your record becomes visible in everyday channels: dealflow dashboards, shortlists (like “interesting seed-stage workflow AI in the Bay Area”), and internal Slack/Teams channels.

From there, a typical process unfolds: An associate reviews your profile, examining your information, metrics, signal history, and an AI summary. They then add notes—such as “worth a look,” “too early,” or “pinged founder”—along with their initial impressions. Finally, they route you to a relevant partner with a concise internal pitch.

At this stage, you remain a digital representation, as they determine whether to invest their time in engaging with you.

Indirectly, you can influence clear, strong communication that simplifies the associate’s understanding and actions; a consistent and clear positioning that enables them to articulate your value concisely; and positive, specific endorsements from references within their network.

2.8 The Internal Memo: You, Summarized by a Machine

Before any real investment discussion, a preliminary memo is drafted. This is often done by an AI assistant, which compiles data from your records, call notes, deck, and website to generate a structured summary including Overview, Market, Traction, Risks, and Why Now.

Your champion then refines and expands this initial draft.

The critical implication is clear: Everything you say and send becomes raw material for a memo crafted without your direct input.

As a founder, your move is to do the following: Proactively address key questions (what you do, why now, traction, risks) in short, quotable blocks—aiming for two to four sentences with concrete numbers. By doing so, you effectively co-author the memo that ultimately decides your fate.

2.9 Where Humans Still Dominate

With all this automation, it's easy to believe the process runs on autopilot. It doesn't.

Humans still define the thesis, weigh signals in the model, determine when to override model suggestions, make final investment decisions, and commit to board actions.

Models filter, amplify, and sanity-check. People make the bets.

For you, this means that nuance and contrarian opportunities persist and that relationships and trust still matter. Your job is to help humans understand you *through* their tools, not instead of them.

2.10 Fund Archetypes: Choosing Your Arena

You will generally encounter three archetypes:

Table

A key part of your strategy is to select your environment and adapt your process to it.

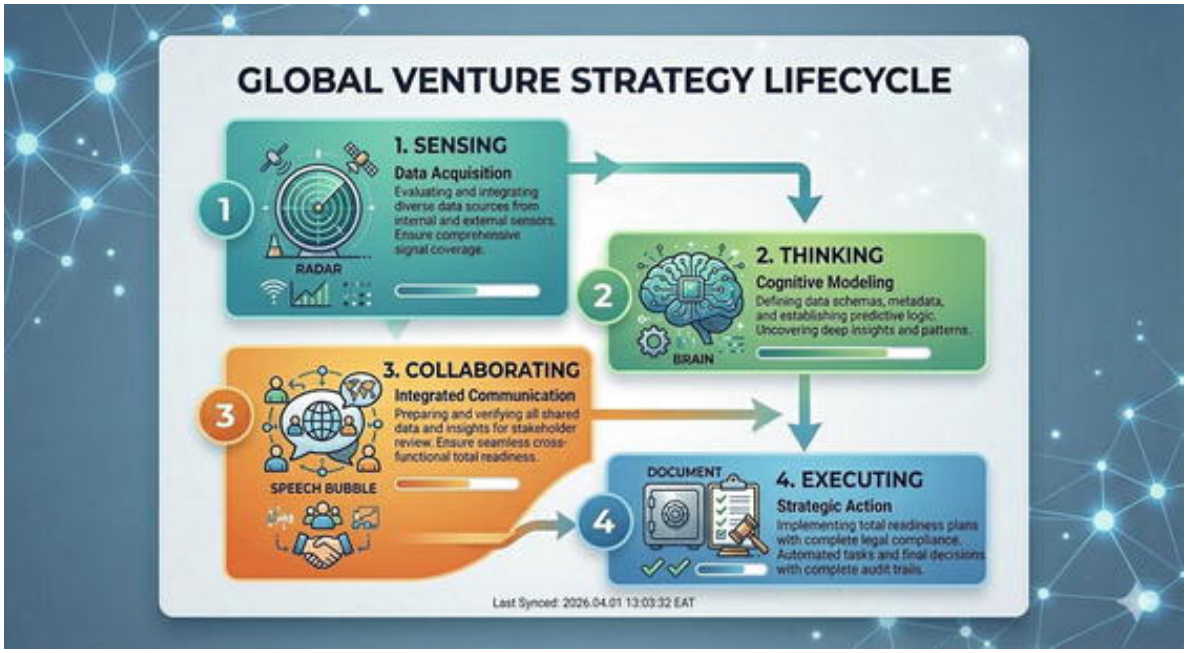
2.11 Practical Checklist: Preparing for Their System

Before engaging with a fund you suspect leverages AI, consider this checklist:

1. **Is our company's public profile consistent?**
   Are our names, domains, and descriptions uniform across major platforms? Is our category clearly defined?
2. **Is our core data coherent?**
   Do key metrics align across our pitch deck, emails, and data room? Have we clearly defined their calculation methods?
3. **Can we be accurately summarized independently?**
   If an AI assistant reviewed our website, pitch deck, and a brief email, would the resulting summary truly reflect our message?
   Have we established our data-sharing boundaries?

4. What information are we prepared to share at initial contact, after the first call, and only under a term sheet?
5. **Are we prepared to discuss their technology stack?**
   Do we have two or three questions ready (e.g., “How do you utilize data internally?” or “What insights do you expect from us?”), and are we comfortable with the answers we might provide?

If you can confidently answer yes to these questions, you will be significantly better prepared than most founders entering discussions with AI-enabled funds.



WHAT YOU WILL HAVE IN YOUR HANDS (CHAPTER 2)

- A short internal document mapping three target funds into AI-ative, hybrid, and legacy categories with notes
- A checklist of what each fund type expects from you in the first interaction

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B. Tran, *A Founder's Field Guide to Data-Driven Venture Capital*
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3. The Data That Finds You

Why You Can't Be Invisible Anymore

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In this chapter, you will learn what data VCs collect about you before you make contact—and how to run a signal hygiene audit. You will produce a Public Perimeter spreadsheet and a canonical company description.

3.1 The Founder Who Tried to Stay Quiet

Imagine a founder operating in "true stealth": no website, no press, no public launch. Just a small, heads-down team building a product and running pilots with a handful of design partners.

Yet, even in this deep stealth, there is still public information as they file for incorporation, hire engineers, post a few job listings, set their titles on LinkedIn, push code to private repos with public metadata, and attend a niche conference to learn from peers.

Six months later, some data-driven funds have internal records on the company.

The founders never sent a deck, never filled out a "pitch us" form, and never asked for money.

Their **data exhaust** asked for them.

This is the reality of fundraising in 2026: you cannot opt out of being seen; you can only choose how you will be seen.

This chapter explores the forces that make you visible—whether you like it or not—and how to turn that inevitability into an advantage.

3.2 What "Data Exhaust" Really Means

Meaningful actions your company takes consistently generate signals. For instance, incorporating a legal entity, registering a domain, publishing a website, posting job openings, changing team members' titles, or announcing partnerships—all leave traces. These signals appear across public registries, job boards, LinkedIn, GitHub, app stores, event programs, social feeds, and PR distribution services.

This cumulative trail of events over time is your "data exhaust." While scattered and noisy for human observers, for AI systems designed to monitor it, this exhaust forms a coherent story waiting to be stitched together.

3.3 The Six Primary Signal Streams

Sophisticated funds analyze a company's footprint through six distinct signal streams:

People signals reveal the identity and trajectory of you and your team, including LinkedIn profiles and career changes, past employers and roles, co-founder histories and overlaps, and advisory board members and angel investors.

Product signals indicate what you're building and the pace of its evolution: app store listings, ratings, and reviews; visible release notes and changelogs; open-source code and contribution patterns; API documentation and public endpoints; and uptake of integrations and plugins.

Hiring signals show how and where your team is expanding: new job postings (titles, locations, functions), time-to-fill for open roles, seniority levels of new hires, and visible turnover patterns (e.g., via LinkedIn).

Attention signals highlight who is discussing your company and in what contexts: press mentions, conference talks and panels, podcasts and webinars, social media chatter, and community forum references.

Customer and usage proxies reveal how the external world is using or experiencing your product: product reviews and ratings, mentions in customer case studies by other companies, integration counts in partner marketplaces, and publicly shared usage metrics.

Capital graph signals illustrate how money and influence flow around your company: angel or seed fund investments already secured, other investors listed on your cap table, grants or non-dilutive funding, and public associations and partnerships.

No single signal tells the complete story. Combined, these streams form a multidimensional picture of your identity, progress, pace of development, and market reception.

3.4 How Funds Turn Signals into "You"

For funds, the process operates on a continuous cycle. They **collect** raw signals from all six streams; **match** them to existing company and person records (or create new ones); **update** the derived features on those records (e.g., "headcount +4," "new launch," "press spike"); r**e-score** companies, based on the new state of their records; and **alert** humans when something crosses a threshold.

Here's how this cycle plays out: Your hiring surges from 4 to 11 FTEs, with several senior engineering roles filled in short order. You also appear in a niche workflow-automation newsletter.

Internally, these signals lead to the following: your "hiring momentum" feature spiking, your "attention" feature ticking up, and your "overall momentum" metric exceeding a predefined threshold.

An analyst or partner receives a notification: "Heads-up! Unfunded startup in your sector with unusual hiring pace and early traction mentions."

You did not pitch. The data pitched for you.

3.5 You Already Have a Shadow Profile

Even without formal engagement, you likely have a "shadow profile" within at least one fund's system. This profile may contain some correct information about your team and product but critically lacks the essential context and nuance only you can provide.

This oversight carries significant consequences. An **outdated or inaccurate** profile can lead to your momentum being underestimated. An **incomplete** profile might prevent you from meeting the criteria for

outreach. A **contradictory** profile, with inconsistent data across sources, could flag you as high-risk.

While you cannot directly access these profiles, you can significantly influence their accuracy by carefully managing your public and semipublic data.

3.6 The Stealth Myth, Revisited

True stealth is rare and expensive.

Achieving true invisibility demands avoiding public hiring, minimizing any presence on business social platforms, forgoing launch announcements, keeping customer names strictly confidential, and masking or delaying almost every public artifact related to your work.

Most startups, however, cannot and should not operate this way. They need to hire, attract users or customers, and demonstrate progress to potential partners and employees.

The practical truth is that you are already visible. The real question is: **Are you visible accurately?**

Instead of aiming for invisibility, aim for **intentional visibility**.

3.7 Intentional Visibility: Designing How the Machine Sees You

Intentional visibility is built upon three essential pillars: (1) **consistency,** or presenting the same core narrative and key data points across all significant communication channels; (2) **clarity**, or using language and structure that are easy to understand, process, and categorize; and (3) **context**, or providing sufficient explanation to enable accurate interpretation of your progress and direction.

Let's explore each of these in more detail.

3.7.1 Consistency

If your LinkedIn page shows "Series A, $15M led by X," while a major database lists "Total funding to date: $12M," and your website states only "Backed by top-tier investors" without numbers, any system attempting to

synthesize this information will struggle. It will likely distrust all sources to some degree, diminishing confidence in your overall data.

Take these simple steps: (1) decide on canonical numbers and phrases for key milestones, (2) ensure those are updated everywhere when you change them, and (3) use one person (often COO or Head of Ops) as the source-of-truth editor.

You don't need perfection. You need to avoid obvious contradictions.

3.7.2 Clarity

Language designed to feel fresh and edgy can often become too vague, hindering comprehension for both human analysts and AI models.

Compare the following examples:

> "We're reimagining the future of work with AI-powered synergy."
>
> vs.
>
> "We build an AI-driven workflow copilot that automates repetitive steps in B2B SaaS sales and support teams."

The second example offers clear advantages: (1) quicker for humans to understand; (2) ready to be assigned to the correct sector and job function by AI classification models; and (3) more discoverable via future search filters, for instance, when a partner looks for "AI workflow tooling for GTM teams."

Clarity isn't about dumbing down. It's about enabling your company to be categorized—on your terms.

3.7.3 Context

Data without context is easily misinterpreted. For instance, a sharp drop in usage following a huge surge could signal a crisis—or simply be the intentional winding down of a free beta program. Similarly, a period with no new hires might suggest stagnation—or a deliberate strategy to extend runway while integrating recent growth. Even a pivot in positioning, which might appear as flailing, could in fact be a strategic realization born from valuable customer feedback.

Without this crucial context, automated systems will generate their own interpretations, and people may be prone to projecting worst-case scenarios.

Instead, consistent and thoughtful public updates—through blog posts, founder letters, or well-crafted social threads—provide the necessary framework to give *raw numbers interpretable* meaning.

3.8 Auditing Your Data Exhaust: A Practical Walkthrough

Set aside half a day. Treat this like a product and security review, but for your outward-facing data.

Step 1: Map Your Public Surfaces

List your main website(s) and subdomains, LinkedIn company and founder pages, any relevant GitHub or open-source profiles, profiles in startup databases (Crunchbase, PitchBook, AngelList, etc.), app store or marketplace listings, press releases and major media, and accelerator or program profiles, if any.

This is your "public perimeter."

Step 2: Pull the Current Story

For each surface, describe your activities, list any metrics or milestones you highlight, explain how you characterize your team and investors, and identify any relevant tags or categories.

You don't need to implement all these changes immediately. However, it's crucial to understand the narrative the outside world—and consequently, potential investors—is currently receiving.

Step 3: Look for Inconsistencies

Identify clear discrepancies, such as conflicting numerical data (e.g., funding, user counts, dates), contradictory product descriptions (e.g., "devtool" vs. "consumer app"), and significantly outdated team lists.

Prioritize correcting these, focusing on core facts like funding, team roles, and product type, especially when they appear in the most trusted or frequently scraped sources.

Step 4: Decide Your Canonical Language
Develop a concise, internal "canonical description" document, comprising a one- to two-line summary of your core function, a one-paragraph version, a three- to five-bullet point version (covering customers, product, traction, and team), standard phrasing for your funding history, and standard phrasing for your vision and category.

This document serves as the authoritative source for all public-facing content updates. Its purpose is not to generate "boring marketing" but to ensure every external communication is consistent and accurate.

Step 5: Establish an Update Cadence
Strike a balance: Avoid constant rewriting, but don't let critical information stagnate for years.

Instead, adopt a consistent review rhythm: (1) a quarterly light sweep and (2) a deeper review after major milestones (e.g., funding, major product releases, significant hires).

Finally, assign explicit responsibility for triggering and tracking these passes.

3.9 Turning Passive Discovery into Quiet Marketing

Once your digital presence is optimized, you can transform investor discovery into an effective channel. Leverage your data to generate a consistent signal of progress that investor models will readily detect.

Forget chasing traditional press coverage. Instead, focus on a regular cadence of real, verifiable updates posted in channels investors already monitor.

Specifically, this means posting short monthly or quarterly LinkedIn updates, including real numbers (e.g., "We grew active teams from 12 to 21 this quarter.") and brief context; maintaining a "changelog" or "what's new" page on your website; occasionally publishing simple "by the numbers" posts after key quarters or launches; and keeping your app store or marketplace entries current with usage milestones and review highlights. But use caution too, as public metrics can help discovery, but they can also reveal sensitive competitive/customer information.

Over time, these small, consistent activities build a strong, machine-detectable pattern, which is precisely the signal you want to convey: “This company consistently delivers and grows.”

3.10 Avoiding “Noisy” Behavior That Hurts You

Some efforts to appear active inadvertently confuse both AI models and human analysts.

Common pitfalls include the following:

Vanity press without substance, which is extensive media coverage lacking visible usage or revenue metrics often coming across as mere hype

Title inflation and organizational chaos, which is when every member of a small team holds a VP or Head of X title, and AI models analyzing org charts struggle to discern actual roles and responsibilities

Category hopping, which is frequent rebranding to chase buzzwords (e.g., “web3” last year, “AI agent” this year) without clear continuity

Spray-and-pray partnerships, which is announcing numerous integrations or collaborations that lack significant follow-through or measurable impact

While these actions might generate a fleeting sense of momentum, at machine speed, they register as mere noise.

You needn’t be austere, but before making any public move, ask yourself whether this signal is something you want permanently attached to your record? If yes, proceed. If not, reconsider.

3.11 When to Be Deliberately Opaque

There are situations where reduced visibility is the appropriate trade-off: **early product experiments** that may fail or pivot quickly, **highly sensitive customer relationships** where naming names could invite competition or regulation, and **security-critical components** of your architecture.

Even with reduced visibility, you can still manage your communications effectively by (1) focusing on *what* you are achieving (outcomes and value) without revealing *how* you are doing it; (2) sharing aggregate metrics rather than raw or individually named data; and (3) strategically timing

disclosures—for example, announcing key successes once they are defensible, not during their fragile early stages.

Reduced visibility should always be a strategic decision, not a default state or a consequence of poor data management.

3.12 The Founder's "Signal Hygiene" Checklist

To maintain a consistent and practical approach, regularly review this checklist:

- Are your **key facts** (what you do, who's on the team, what stage you're at) consistent across all your main public platforms?
- Are there any **obvious contradictions** in your funding history, metrics, or positioning?
- Are you providing **regular, truthful signals** of progress that an outsider could easily follow?
- Are you avoiding **noisy, performative updates** that lack real substance?
- Do you have a simple, documented **canonical description** that you can readily reuse and adapt?

If you can honestly answer yes to these points, you're already ahead of most founders.

3.13 Why This Matters Before You Ever Fundraise

You might think, "We'll clean all this up when we're ready to raise."

By then, it may be too late: Their systems might already reflect low-quality or misleading impressions of you. You'll face the challenge of overcoming negative perceptions that have accumulated for a year or more. Your early outreach might be triaged based on outdated information rather than your current reality.

What does it mean to starting early?

Your "shadow profile" evolves in sync with your company's actual progress; when you finally knock on doors, you'll already be recognized as coherent and progressing; and your first impression isn't your first email—it's the steady trail of what you've actually built.

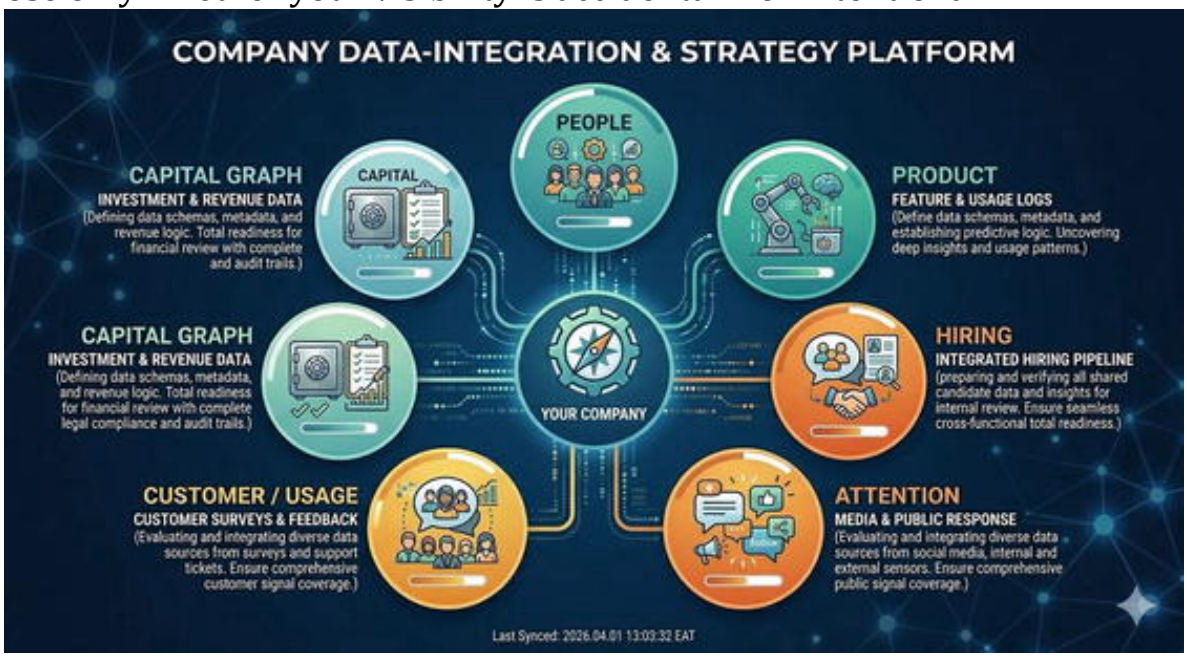
3.14 From Being Seen to Being Understood

Managing your data exhaust isn't about deception. Instead, it ensures that when funds' systems detect and track you, analysts and partners review your profile, and models re-score your record, they perceive an accurate representation of the company you are *actually* building.

While you can't force investment, you *can* dramatically reduce the likelihood of them walking away because your external story seemed incoherent, your metrics contradicted one another, or your supposed "stealth" simply appeared as noise.

The next chapter will delve into how these refined signals are incorporated into ranking and scoring models, and how you can leverage this knowledge to present yourself in a way that earns a yes from both humans and algorithms.

For now, remember: You don't choose whether you're visible. You choose only whether your visibility is accidental—or intentional.



BEFORE AND AFTER: MAYA'S SIGNAL HYGIENE AUDIT

Before implementing the Signal Hygiene Checklist (Tool C), Maya's company presented a confusing picture. Her LinkedIn described a "stealth-mode AI startup," while her website specified "workflow

automation for sales teams." Funding details also varied, with Crunchbase listing a $500K pre-seed against her deck's $750K.

After using the checklist, Maya unified her messaging. She developed one canonical description and updated all seven relevant platforms in just two hours, boosting her signal hygiene score from 6/16 to 13/16. The immediate impact was clear: When a fund's crawler later accessed her LinkedIn page, it found consistent language matching her website, projecting an image of a cohesive, professional company rather than a collection of conflicting narratives.

WHAT YOU WILL HAVE IN YOUR HANDS (CHAPTER 3)

- A completed Public Perimeter spreadsheet documenting every surface that carries data about your company, along with a consistency check
- A canonical company description document as specified in Tool A from the Appendix
- A Signal Hygiene Checklist score of at least 12/16 to be achieved prior to commencing a funding round)

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B. Tran, *A Founder's Field Guide to Data-Driven Venture Capital*
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4. Inside the Algorithm: How VCs Rank Startups

Cracking the Scoring System Behind the Smile

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In this chapter, you will learn how VC scoring models rank startups across five key buckets: Team, Traction, Market, Network, and Fit. You will then apply this knowledge to produce a one-page self-score grid, complete with 6- to 12-month target milestones for your weakest bucket.

4.1 The Score You Never See

Within the systems of any serious AI-enabled VC, your company likely has a hidden score. You'll almost certainly never see it—no one will share it on a slide or email. It might not even have a formal label, referred to internally as "priority," "fit," or "probability."

Yet, this unseen number profoundly influences every interaction: how quickly your emails are answered and whether your deck is skimmed or read, an associate pushes for a meeting, or a partner becomes curious enough to champion you.

This chapter delves into that number and the intricate machinery behind it.

We'll explore what these scoring models aim to achieve (and avoid), the typical factors they employ, and the ways language and narrative impact scores, how your score evolves over time, and, crucially, how founders can influence these inputs without "gaming" the system.

By the end of this chapter, the phrase “we’re not sure you’re a fit for our thesis” will no longer sound like a mystical incantation. Instead, you’ll recognize it for what it truly is: a polite translation of “your features didn’t sufficiently light up our model.”

4.2 What the Model Is (and Is Not)

First, let’s demystify.

An AI-driven VC scoring model is **not** a crystal ball that predicts unicorns with certainty, an omniscient judge of a founder’s worth, or a replacement for partner judgment.

Instead, it **is**, at its core, a statistical tool that helps funds prioritize scarce attention, a way to encode and reuse historical lessons from past successes and failures, and an internal language for comparing very different companies on a small set of shared axes.

Its job isn’t to declare: “This will be a billion-dollar company.” Rather, its job is to suggest that “given what we know and what we care about, this is likely enough to be worth our time.”

If you think of it as a **triage system** instead of a verdict, you’ll have a much more constructive relationship with the idea.

4.3 The Core Question the Model Answers

At its core, the model seeks to answer a probabilistic question:

> “Given our historical data and current thesis, how likely is it that investing in this company right now will meet or beat our return expectations, relative to other opportunities?”

Let’s break down the key elements:

Given our historical data: This foundation is based on their past, which is inherently biased and incomplete.
Current thesis: This reflects what they prioritize for this specific fund or year rather than abstract Platonic excellence.
Right now: Timing is crucial. The same company might yield a different score just six months later.

Relative to other opportunities: Companies are not judged in isolation; they are ranked against an existing pipeline.

This overarching question is further broken down into various components, each with its own sub-questions and features.

4.4 The Five Big Buckets: A Conceptual Map

While every firm's model varies, most established approaches center on five key areas:

Team: Your background, experience, and ability to execute
Traction and momentum: Demonstrated market impact and progress
Market and timing: The size and readiness of the opportunity
Network and references: The strength of your network and endorsements
Portfolio and thesis fit: Alignment with this fund's investment thesis and portfolio

Let's explore each in detail.

4.5 Team: Turning People into Features

Even in an automated world, the team remains paramount. The model evaluates whether individuals have tackled difficult challenges, possess relevant domain and functional experience, complement each other, and appear capable of both building and selling.

This assessment is informed by data points such as prior roles and companies (considering seniority and success), education (though imperfect, still commonly used), co-founder history (detailing previous collaborations and capacities), the velocity of past promotions and career progression, and any prior exits, open-source leadership, or community standing.

These data points are then transformed into features like "serial founder versus first-time," "FAANG + high-growth startup background versus unknown track," and "technical co-founder + commercial co-founder versus unbalanced team."

It's important to note that the model doesn't truly "understand" your character; it makes surface-level inferences based on past correlations.

To positively influence this evaluation, you can highlight aspects of your background directly relevant to the problem you're solving; make co-founder stories explicit, explaining how you met and why you work well together; and emphasize prior execution, even if outside the startup world (e.g., shipping complex internal systems, leading large projects, or turning around teams).

Don't assume these connections will be made; clearly articulate them.

4.6 Traction and Momentum: The Model's Favorite Food

If the team is the starting point, **traction** is the model's main course.

This evaluation assesses whether people are using what you've built, paying for it, staying and expanding, and, crucially, whether the growth curve is bending upwards or fizzling out.

Typical metrics demonstrating traction include **revenue** (MRR/ARR where applicable); **user counts** (signups, active users, teams, cohorts); **retention** (logo churn, cohort retention, NRR); **growth rates** (month-on-month, quarter-on-quarter); **sales efficiency** (CAC, payback, LTV); and **B2B pipeline** (opportunities, win rates, cycle times).

The model pays special attention to **change over time**, not just absolute figures. For instance, while going from $0 to $10k MRR in a month might be interesting, it could also be noise. Far more compelling is a healthy progression from $10k to $30k, $60k, and $100k over several quarters. Flat or erratic curves will always require explanation.

To positively influence this evaluation, present a small set of metrics that genuinely reflect your business. Show them consistently over time, be honest and specific about any seasonal or one-off spikes, and avoid vanity metrics that don't map directly to value.

Remember, the model isn't swayed by claims of "fast growth"—it cares about the actual curve only.

4.7 Market and Timing: The Background Canvas

Even a great team with strong early traction can struggle in the wrong market.

The model evaluates several market factors: your segment's total addressable market (TAM), the number of adjacent markets your product could credibly expand into, the competitive landscape's fragmentation or concentration, regulatory or structural barriers, and the market's current trajectory—is it expanding, static, or contracting?

Inputs often include your own market claims, third-party data (industry reports, public company comps), and the fund's internal category maps and theses.

Market assessment is inherently complex and often noisy. While market sizing blends art and science, the model doesn't demand perfect precision. Instead, it seeks a **relative sense** of the market: whether it's a "small but potentially deep niche," a "huge space with moderate differentiation," a "crowded category with little room for new entrants," or a "nascent category we believe will explode."

To positively influence this evaluation, present a sober, defensible view of your market, going beyond just a large TAM slide. Clearly highlight initial wedges and expansion paths, and be specific about *whom* you will win with first and how that initial success will grow.

Many founders overreach here. Models and humans alike reward clarity more than sheer bigness.

4.8 Network and References: The Social Layer of the Score

We'll cover the mechanics in Chapter 5; here, let's look at how they enter the algorithm.

The model evaluates who introduced the company, assesses goodwill within the fund's network, and scrutinizes their profile for unknowns or red flags.

Key features considered include the introduction source (e.g., trusted founder, random inbound, event referral), the quantity and quality of shared professional network connections, historical outcomes linked to those connection paths, and sentiment derived from prior interactions (such as notes or reference call summaries).

This isn't to say "warm intros only." Rather, strong references and trusted paths **raise confidence**, while clusters of weak or negative signals **lower it**. A lack of network footprint isn't fatal but may necessitate stronger traction to compensate.

To positively influence this evaluation, carefully curate your earliest angels and advisors; maintain strong relationships with past colleagues and managers; provide prospective references with sufficient context to speak accurately; and avoid leaving unnecessary "bad traces" in communities, understanding that every interaction generates potential data.

You aren't merely building an image; you're cultivating a durable, machine-readable reputation.

4.9 Portfolio and Thesis Fit: The Fund's Selfish Lens

This funding category is often the most misunderstood.

Even with a strong team, solid traction, a promising market, and a robust network, a fund might still pass on your opportunity. This often happens because they already have a direct competitor or a closely related investment, they are overexposed to your sector or stage, or your capital requirements or time horizon don't align with their fund strategy. Additionally, your company might not cleanly fit their stated investment themes and narratives.

From their perspective, the question isn't just "Is this a good company?" It's "Is this a good company *for us*, given our existing portfolio, strategy, and promises to LPs?"

To make this determination, funds analyze factors such as their internal portfolio composition (across sectors, geographies, stages, and risk levels); existing co-investment relationships; and fund size, reserve strategy, and remaining fund life. They also consider their written theses, which might specify areas of focus (e.g., "We're focusing on infra.") or exclusions (e.g., "We don't do capital-intensive plays.").

To positively influence this evaluation, target funds where you genuinely fit the strategy, explicitly explain how you align with their thesis in your outreach, and be honest about your capital intensity and timeline.

Sometimes, “You’re not a fit.” really means “We can’t responsibly take this risk, given our current commitments.” That’s not (necessarily) a verdict on your company. It’s a portfolio math problem.

4.10 How Language and Narrative Enter the Model

While we’ve primarily discussed numeric or categorical features, large language models fundamentally alter this paradigm.

They enable funds to analyze your emails, deck text, speaker notes, website copy, call and pitch transcripts, and reference call notes.

What do they look for?

Clarity: Are your explanations precise or fuzzy?
Consistency: Do your narratives match your numbers?
Confidence vs. bravado: Are you grounded or hand-wavy?
Signal vs. fluff: Are you communicating substance or just buzzwords?

Let’s compare two statements:

> “Customers love us.”

> “Out of 27 design partners, 19 are now paying, 13 expanded within 3 months, and our NPS is 54.”

The second statement is easier for an LLM to summarize for others; it integrates with numeric features, even if the data room isn’t open yet, and conveys both confidence and groundedness.

To positively influence this evaluation, lead with numbers and follow with stories; answer questions with self-contained, quotable statements; avoid hedging or overpromising (both are flagged as noise over time); practice explaining your business to a model (Literally: Drop your explanation into an LLM and see what summary it gives back—does it sound like you?). Note that founders should avoid vague, evasive hedging, but they should still use accurate caveats when data is preliminary or uncertain.

You are effectively co-authoring the internal memo the model will write about you.

4.11 How Scores Change Over Time

Your evaluation score is dynamic, constantly evolving based on new data. This includes updates about your company (shipping, hiring, growth, or stalling), shifts in a fund's investment thesis (new funds, updated sector views), and changes in their portfolio composition (backing a competitor or exiting a related investment).

These are common scenarios:

You initially appear as "interesting but early," perhaps with a low initial score. Consistent, positive traction updates over six months can elevate you into a "we should connect" tier.

You score highly, but a fund passes due to a portfolio conflict. A year later, with a new fund or different context, your high score aligns perfectly with their current focus.

A temporary surge (e.g., press or a major customer win) boosts your score, which then recedes as models adjust for long-term sustainability.

This dynamism is both a **risk** and an **opportunity**.

Risk: A single bad quarter or poorly handled communication can lower confidence at an unfortunate time.

Opportunity: A single good quarter or well-framed update can rekindle dormant interest.

To positively influence this evaluation, send regular, structured updates to *target funds, even before* you formally raise; when challenges arise (and they will), own the narrative quickly and clearly; when successes occur, provide sufficient context for both their models and human reviewers to differentiate genuine step-changes from temporary noise.

Think of each update as a small nudge to your trajectory in their system.

4.12 Why You Can't "Game" the Model (and Shouldn't Try)

You might be tempted to think: "If I know what they look for, can't I just hack my way to a higher score?"

Initially, you might manipulate some signals—like inflating titles, selectively disclosing information, or executing flashy but shallow launches.

But the system isn't a one-shot exam; it monitors you over time, cross-referencing multiple data sources and aggregating human impressions from various interactions.

Fake signals don't age well.

More importantly, **you're not actually playing against the model**. You're building a company. Any distortions introduced to impress investors will inevitably distort your own decision-making.

The correct approach is to understand what the model values, align your reporting and communication to highlight your *real* strengths against those criteria, and intentionally improve the underlying fundamentals these criteria reflect.

You're not trying to trick a machine. You're trying to make sure the machine doesn't misunderstand you.

4.13 A Practical Self-Scoring Exercise

To translate this theory into actionable steps, follow this process:

Define the buckets: Team, Traction, Market, Network, Fit.

For each bucket, list three to five concrete data points relevant to your company.

Score yourself from 1 to 5 in each bucket, based on a quick self-assessment.

Ask two or three trusted outsiders (operators, angels, mentors) to score you independently.

Compare your self-view with theirs.

Then, for each bucket, ask yourself what you could achieve in the next 6–12 months to improve this score by two points, what specific metrics would change, and what new story you would you be able to tell that you can't tell now?

These constitute your **model-aware milestones**: improvements that are genuinely impactful for your business and strategically compelling for AI-enabled investors.



4.14 The Founder's Mindset Shift

If you internalize this chapter, you will no longer perceive investor models as mysterious enemies or divine oracles.

Instead, you will understand them as your counterpart's internal tools: fallible yet useful maps of their preferences and constraints, which you can neither fully control nor safely ignore.

This shift moves your mindset from "I hope they like us." to "I know roughly how they will evaluate us. I will clearly present our real strengths aligned with their criteria, and I will invest in making those strengths even more robust over time."

You are not at the mercy of the algorithm. Rather, you are building a company that, if successful, will inherently resonate with any reasonable evaluative framework.

4.15 Looking Ahead

The next section of the book shifts our focus from algorithms to the human element, examining how relationship graphs and back-channel references influence these models; how the celebrated "first meeting" is merely one step in a longer, often automated workflow; and how to engage in human

interactions that reinforce—rather than undermine—what the models already perceive about you.

For now, hold onto this core idea:

The best way to win with AI-powered VCs is not to outsmart their models. It's to build and communicate a company so sound that any reasonable model will eventually be forced to say yes.

BEFORE/AFTER: ANDRE'S SELF-SCORE

Andre scores himself: Team 4/5, Traction 2/5, Market 3/5, Network 2/5, Fit 4/5. Total: 15/25. His two outsider scorers agree on Team and Fit but rate his Market even lower (2/5)—they don't buy the TAM story. Andre realizes that his primary bottleneck isn't technology but rather his market narrative. He then spends the next month reframing his TAM by focusing on a specific market segment. This strategic adjustment results in his Market score's improving to 4/5 during the subsequent evaluation.

WHAT YOU WILL HAVE IN YOUR HANDS (CHAPTER 4)

- A one-page self-score grid (Team, Traction, Market, Network, Fit) with your honest 1–5 ratings
- Two outsider scores for comparison
- A list of 6- to 12-month milestones targeting your weakest scoring bucket
- Companion download: The Ch4 Self-Scoring Worksheet (Excel) is available as a separate interactive file with tabs for your self-score, two outsider scores, and a composite dashboard

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5. Network Is the New Due Diligence

How Relationship Intelligence Rewrites Trust

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In this chapter, you will learn how AI-enabled funds use network and relationship graphs as part of their due diligence process. Then, you will create a list of ten high-value references, including the date you last contacted each one and your plan for the next follow-up.

5.1 The Reference Call You Never Hear

You wrap up what seemed like a great meeting with the partners.

They asked tough but fair questions. You shared your numbers, told your story clearly, and even got a smile when you explained why this problem matters to you.

You log off, take a breath, and begin writing your thank-you email.

Meanwhile, before your email even arrives, something else is already happening.

A system at the fund grabs your name and your co-founders' names; checks internal and external networks; finds people who have worked with you, invested in you, managed you, or been managed by you; and pulls up notes from any past interactions with those people.

Within minutes, a partner sees a list: "former manager at Company X (Board observer for Fund)," "ex-CTO from Startup Y (our portfolio)," and "seed angel Z (co-invested with us twice)."

The partner clicks a button that says something like “Compile reference brief.”

An AI assistant quickly reviews LinkedIn histories, past call notes, email and calendar invite details (just the metadata), and any public comments or testimonials.

It creates a short summary: “Three strong potential back-channel references. No negative signals found in prior interactions. Warm intro path via seed angel Z.”

The partner hasn’t made any calls yet, but your **network reputation** is already part of the conversation.

This is what modern due diligence looks like. It’s not just a few planned calls anymore. Now, it’s an ongoing, partly automated look at the network you’re part of.

This chapter is about that network: how it works, what it measures, and how you can shape it without turning into a stereotype of “networking.”

5.2 From Rolodex to Relationship Graph

Traditional VCs took pride in their “Rolodex,” which was both a mental and physical list of trusted contacts, built up over years of stories, impressions, and quick calls to learn more about someone.

That approach had clear limits. It relied on one person’s memory, focused on a small group of people in certain places, and couldn’t keep up as funds and portfolios expanded.

Now, that same instinct—asking “Whom do we know who knows this person?”—shows up in **relationship intelligence systems. CRMs track** every email, meeting, and introduction. Graph databases map connections between LPs, founders, operators, advisors, scouts, and partners. Analytics tools even rank the strength of different connections.

Instead of asking “Whom can we call?” people now ask “What does the graph say about this founder, and who are the best people to talk to if we want to learn more?”

Your network isn't just a vague collection of contacts anymore. Now, it's a structured graph you can search and analyze.

5.3 How a Fund's Relationship Graph Is Built

Most AI-enabled funds don't create a relationship graph from the ground up. Instead, they assemble it using email and calendar data, like who met whom, when, and how often. They also use CRM records, such as introductions, deals, and notes, along with portfolio and LP details, like board memberships and co-investments. External sources from professional networks and deal platforms add even more information.

Over time, this information forms a detailed map. The nodes represent people and organizations. The **edges** show relationships and interactions. The weights reflect the strength of those relationships, such as how often people connect, how long they've known each other, and the results of their interactions.

Edges show more than just whether two people are connected. They can include details like how many times two people have met or emailed and whether they worked at the same company at the same time, served on a board together, or co-invested successfully in the past.

This is the context used to evaluate your own place in the network.

5.4 The New Meaning of a "Warm Intro"

In venture capital, a "warm intro" used to mean that a mutual contact would forward your email, so you weren't just another cold message in someone's inbox.

Now, a warm intro is more specific. People look at **who** is making the introduction, how strong their connection is to the partner and the fund, and **what their track record** looks like within the fund's network.

Here are a few examples:

If a founder who the fund backed and who had a successful exit introduces you, that's a strong connection and usually leads to good

results.

If a scout with a mixed or unknown track record introduces you, that's a weaker connection.

If someone the fund hardly knows reaches out to a partner for you, it's almost the same as a cold email.

How you get introduced isn't just a formality. It actually becomes part of your profile inside the fund.

This doesn't mean cold outreach never works. It just means that if you can get introduced by someone with a strong reputation, you'll start with more trust. But if you ask every possible contact for an intro, it can hurt your chances by making your connection seem weaker.

5.5 Path Weight: How the Graph Quantifies Trust

Think of each introduction path as having a weight based on how much the fund trusts the introducer, how recently and often they've interacted, and how relevant their experience is to your company.

In simple terms: Path Trust is about the introducer's trust level, how recent their connection is, and how relevant they are to your business.

Here's what each part means:

The introducer's trust score goes up if they've founded or led portfolio companies, co-invested in strong deals, or regularly made helpful introductions.

Recency is higher if they've worked with the fund recently.

Relevance is greater if they understand your industry, company stage, or region well.

When you come in through a path with high combined trust, the model and the humans think "We should at least *look* at this."

That's really what an introduction is for: giving you a fair chance to be considered.

5.6 Back-Channel References, Now with Automation

After you move past the first stage, especially in bigger funding rounds, the fund wants to know what it's like to work with you. They look at how you handle stress and conflict, and whether you have built good relationships or left problems behind.

In the past, this usually meant making a few calls to selected references and sometimes reaching out to a couple of former colleagues who were not on your list.

Now, the process is more organized. Tools help find possible references based on shared work history, boards, or deals. AI assistants pull together what is already known about these people and their connections to the fund. Then, partners pick a group to contact.

The calls themselves are still human. But the *selection* of whom to call is data-driven and the *aggregation* of what's learned is often summarized and tagged by AI.

It's important to realize that you cannot control who gets called or what questions are asked. Sometimes, people from your past may be contacted without warning.

That's why it matters to treat people well throughout your career, be honest in your past jobs, and avoid ghosting or burning bridges. These actions have an impact far beyond your current startup.

5.7 The Positive and Negative Sides of Graph Memory

Your network includes both strengths and weaknesses.

On the positive side, a former manager who saw you step up during a crisis, a co-founder who supported your integrity after a tough change, and an angel investor who saw you work through hard markets —all become valuable contacts who can speak to your character and skills.

On the negative side, unresolved conflicts with co-founders, unpaid debts, quietly damaged relationships, or a reputation for overpromising and under-delivering can come back when you least expect it.

In today's world, good actions build trust over time, while bad actions lead to growing doubt.

You can't completely erase the past. But you can try to fix relationships, explain the situation when needed, and show that you've grown.

Even negative marks in your history aren't always deal-breakers if they happened long ago, are understood, and don't match how you act now.

5.8 Designing Your Graph of Trust (Without Being Fake)

Because the network is so important, it can be easy to treat networking like a game or strategy.

This approach can backfire, as systems may flag anomalies or inconsistencies. People and even algorithms can spot forced or transactional behavior, like shallow connections or one-sided requests. Relationships built just for show usually fall apart under pressure, and AI is getting better at noticing fake patterns.

A better question to ask is "How do I build and keep a *real* network of trust based on how I actually work?"

Here are some practical tips:

1. **Focus on what really matters.**
   Build real relationships through working together on projects, solving tough problems, and having meaningful conversations.
2. **Choose quality over quantity in your connections.**
   It's better to have a small group of people who know and respect you than hundreds who barely remember you.
3. **Give back to others.**
   Introduce people, offer feedback, and help others, even if there's no

introduce people, offer feedback, and help others, even if there's no instant reward. Networks remember generosity, not just what you take.

4. **Keep your relationships active instead of just collecting contacts.**
   Simple check-ins, like sending a note or meeting for coffee, help keep connections strong without making it feel like extra work.
5. **Act the same way in different situations.**
   The more you act the same when pitching and when working, the less confusion there will be for people who recommend you.

You don't need to just look like a good person. Focus on actually being someone others want to work with, and let that reputation grow on its own.

5.9 How AI Reads Your Social Signals

In addition to checking references and introductions, AI-powered funds can now quickly review your public activity on professional networks, comments and posts linked to your name, community forums, Q&A sites where you participate, and any podcasts or events you appear on.

This is not deep surveillance. Funds generally are not monitoring private DMs, private Slack channels, closed communities, or internal communications unless that information is shared with them or provided through a consented platform, vendor relationship, or diligence process. What they usually evaluate is your public and commercially available footprint, references, and the consistency between what you say publicly and what you tell the fund privately. They are looking for clarity, judgment, professionalism, coachability, and trustworthiness.

You do not need a huge online presence. But if you have one, remember that it becomes part of your profile. Act in ways you would be comfortable seeing summarized on a slide in front of a room full of partners.

Before posting something bold or offhand, ask yourself, “Would I be comfortable if an investor read this as part of a ‘who is this person really?’ packet?”

If the answer is yes, go ahead and post. If not, think about whether that post fits the professional image you want to present.

5.10 Practical Ways to Strengthen Your Graph Before You Raise

You don’t need to transform yourself into a hyper-extrovert. You do need to be intentional.

Here are some practical steps you can take in the 6–12 months before a major fundraising round:

1. **Reach out again to past collaborators who made a strong impact.**
   Think about former managers or colleagues who trusted you; previous investors, advisors, or mentors; and people who are respected in your field.

   Send them a short, honest update about what you are working on now. Hold off on asking for any help at this stage.
2. **Deepen relationships with existing early backers.**
   Keep your early supporters informed. Share both the successes and the challenges. When it makes sense, ask for their input on smaller strategic decisions.

   This way, when the time is right, they will have up-to-date and specific things to share about your progress.
3. **Participate in the right communities.**
   Join one or two well-chosen groups for founders or operators, whether online or in person.

   Try to give more than you take. Answer questions and share your own experiences.

   These groups can become valuable sources of references in the future, without your having to push for it.

future, without your having to push for it.

4. **Be thoughtful when choosing new angel investors and advisors.**
   Don't accept funding from just anyone. Ask yourself, "Does having this person on our cap table truly strengthen our network?"
   Consider their reputation, not just their brand or follower count.
5. **Set up a simple system to keep track of your contacts.**
   It does not have to be complicated—even a basic spreadsheet will do.
   Keep notes on whom you know, how you met, the last time you spoke, and ways you have helped them.
   This makes it easier to think strategically. Over time, these steps help you build a strong, genuine network that stands out when investors look at your connections.

5.11 Handling a Messy Past

Not all founders begin with a perfect record. Maybe you had a startup that ended badly, a falling out with a co-founder, a job that didn't work out, or a public mistake that hurt your reputation.

Today, with so much information available, you can't expect these things to stay secret.

Instead, here's what you can do:

1. **Own up to your part when it's needed.**
   Don't try to put a positive spin on things. Investors check with many people. Being honest about your mistakes helps build trust.
2. **Give some background, but don't shift the blame to others.**
   Briefly share what happened, what you learned from it, and how you've grown since then.
3. **Show that your actions have changed over time.**

Communicate clearly and openly. Handle conflicts better. Work more closely with your current team.

4. **Let your actions and results speak for themselves over time.** The longer ago something happened, and the more your recent actions show you've changed, the less it matters.

People remember the past, but they can forgive if you show real change.

5.12 The Founder's Network Checklist

Before you start raising money from institutions, check whether you have a few trusted people who really know your work and would gladly vouch for you. Make sure they have an up-to-date view of you, not one from years ago. Think about any strained relationships you should address instead of hoping no one contacts those people. Also, look at how you contribute to your communities—are you building goodwill and real connections, or just taking? Lastly, if someone reviewed your public posts and talks from the past year, would they see you as consistent and constructive?

If you answered "no" to a few of these questions, there is work to be done. The upside is you can start improving right away without spending money, and these efforts will pay off over time and help your career, whether or not you are fundraising.

5.13 From Social Capital to Structured Trust

The main change today isn't that networks have suddenly become important. What's different is that the informal idea of "social capital" is now turned into clear trust signals. These signals are added to scoring models and memos along with your metrics, and they quietly influence who gets the benefit of the doubt.

Rather than feeling overwhelmed by this, try to see it as a chance to be more thoughtful about how you present yourself. Focus on building genuine relationships, work together with others, and fix what you can while learning from what you can't change.

In the next chapter, we'll look at the moment most founders focus on: the **first meeting**. You'll learn how, in a fund that uses AI, this meeting is just one part of a longer, mostly automated process. You'll also find out how to handle it, knowing your data and your network have already made an impression.

For now, keep in mind that the network is always working behind the scenes. Aim to build a life and career you'd be proud to see described in a reference brief, even if you never get to read it.

WHAT YOU WILL HAVE IN YOUR HANDS (CHAPTER 5)

- A list of ten high-signal references with last-contact dates and a next-touch plan
- A reference briefing template you can send before any call

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6. The Myth of the First Meeting

Why Decisions Happen Before and After the Call, Not During It

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In this chapter, you will learn what happens before, during, and after your first meeting with a data-driven fund. You will also create a Quotable Paragraph Bank and a Data Room Readiness Checklist.

6.1 The Performance That Wasn't the Main Event

Many founders see their first partner meeting as a major, one-time event.

They spend a lot of time perfecting their pitch deck, planning what to say, and thinking of that hour as the key moment when the investor truly gets to know them.

But with AI-driven funds, this is no longer the case.

By the time you join a Zoom call or walk into the room, their systems have already created a profile and score for your company. Some team members have formed opinions, and there are already early ideas about valuation, ownership, and risk. Rather than the beginning of their decision, it's more like **Phase 3** in a five-phase process:

1. Passive tracking and profiling

2. Automated fit and priority analysis
3. First conversation (you show up here)
4. Agent-assisted diligence and internal debate
5. Committee decision and term sheet execution

Knowing this process changes how you get ready, how you act, and what you focus on during the meeting.

This chapter will help you see the first meeting in the right context and show you how to focus on what really makes a difference.

6.2 What's Already Happened Before You Join the Call

By the time you see a partner's face on screen, at least three invisible things have typically happened.

6.2.1 You've Been Scored

As we discussed in Chapter 4, your team, traction, market, network, and fit have already been evaluated using different models. There is a score or ranking, and that number helped decide whether and how quickly this meeting was set up.

The partner might not know your exact score, but they probably have a sense of how you compare to other companies they are meeting. They know whether you fit their current interests and whether their team is encouraging them to get more involved or just take a quick look.

6.2.2 You've Been Summarized

There is usually an internal summary or memo draft, often created by AI and then lightly edited. This might be a one-page overview about you, some bullet points on your product and market, a few key metrics, and a list of risks or open questions.

The partner might have read it carefully or maybe just skimmed it five minutes before the call. Either way, they are not starting from scratch.

6.2.3 Your Path in Is Tagged

The system tracks whether someone introduced you, you reached out months ago and are now back in touch, or the partner found you themself.

How you arrived shapes the partner's perspective. They might think, "This comes highly recommended," or just, "Seems interesting; let's see what's here."

You can't control any of this once you join the call. But knowing it's there helps you avoid treating the meeting like a fresh start.

6.3 What the First Meeting Is Actually For

If we have already gathered most of the data and handled the basic prioritization, what is the purpose of the meeting?

There are three main reasons.

6.3.1 Data Confirmation and Gap-Filling

The partner wants to check whether the numbers you provide match what they see in their own systems or your documents. They also look for any missing information that could change the situation, or signs like inconsistencies or evasiveness that might reduce trust.

In short, they want to know whether the information they have about you is reliable enough to continue.

6.3.2 Founder Assessment

Models can't show how you think, respond to challenges, or how self-aware you are in a boardroom or during a crisis.

The meeting is the main opportunity to see how clearly you think and feel about the problem and the business, and how well your story matches your numbers.

The partner is really thinking, “Do I want to spend years working closely with this person?”

6.3.3 Champion Formation

The key result isn’t just getting a yes or no. What really matters is whether someone in the room wants to support you.

A champion is someone who stands up for you when you’re not there, defends your weak spots, highlights your strengths, and spends time helping your deal move forward inside the company.

The first meeting is when you find out whether you’ll gain a champion.

6.4 The Partner’s Screen During the Meeting

It’s important to know what’s happening on the other side of your Zoom call.

The partner may see your video, a live transcript, a dashboard with your key metrics and history, and prompts from their AI tools like “ask about Q2 churn” or “compare to Company X in our portfolio.”

While you speak, the transcript records your words; tags things like metrics, dates, and customer names; and connects what you say to your profile fields.

If you say “We’re at $90k in MRR, up from $60k in January,” the system pulls out those numbers, updates your growth chart, and might flag any differences if earlier data showed $70k.

If you mention “We’re seeing about 85% logo retention in our first cohorts,” that gets added as a retention metric, could prompt a follow-up question, and might show up as a bullet point in a future memo.

Everything you say is helping to train **their models** in real time.

6.5 How to Prepare for a Meeting in an AI-Mediated World

Traditional advice: Practice your story, refine your slides, and anticipate objections.

That advice still matters, but it is not enough anymore.

You also need to be ready for everything you say to be recorded, analyzed, and reused. People may compare your words to things you have said or published before, and others might summarize your message in ways you cannot control.

Take the following practical preparation steps:

6.5.1 Alignment Check

Check that the key metrics in your pitch deck, data room, and any public sources all match for the same time period. If anything has changed since you shared your materials, like a new customer or updated revenue, be ready to explain it clearly.

6.5.2 Metric Fluency

Keep your key numbers handy, like ARR or MRR, growth rates, retention, burn, runway, headcount, and basic pipeline stats. Be clear about how you *define* each one, such as what you consider "active."

This helps you avoid stumbling, contradicting yourself, or having to follow up later on basic questions.

6.5.3 Narrative Compression

Practice answering these questions in **one clear, quotable paragraph** each:

- What do you do, in plain language?
- Why now? Why this market?
- Who is your ideal customer, and what problem are you solving for them?
- What are your three to five core metrics, and what do they look like over the last 6–12 months?
- What's the single biggest risk in your plan—and what are you doing about it?

Those paragraphs are what AI assistants will paraphrase into memos. You want them to be tight.

6.6 How to Talk So the System—and the Humans—Can Work with It

In meetings, even small changes in your behavior can make a big difference. They help your answers get recorded clearly, make it easier to summarize and reuse them, and affect how your words come across to others.

Here are a few key principles.

6.6.1 Lead with Numbers, Then Explain

Compare the following:

> "Our growth has been steady, and customers are happy with the product."

> "Our monthly recurring revenue went from $40,000 to $85,000 in the last two quarters, and we kept 92% of our customers. Most say they value how we remove manual reporting, which keeps them using our product."

The second paragraph gives the model specific numbers, offers your partner clear points they can repeat, and still leaves room for discussion.

Try to always share a number, explain what it means, and say why it matters.

6.6.2 Answer in Complete, Self-Contained Units

Keep in mind that your words may be separated and placed into different parts of memos.

Instead of saying "Yeah, I mentioned that earlier; it's like 15 to 20%," try, "For clarity, our gross margin is currently 18%, projected to cross

30% by Q1 next year as we shift more workloads onto our optimized pipeline."

This answer can go straight into a "Unit Economics" section without needing extra explanation.

6.6.3 Admit Unknowns Clearly

People will sometimes ask you questions you don't completely know the answer to.

Instead of saying "Uh, we haven't really thought about that yet, but I'm sure it'll be fine," try saying, "We don't have good data on that yet. Our current plan is X, and over the next six months we'll be testing Y and Z to inform that decision."

Being honest about what you don't know, while sharing your plan, shows maturity. AI models might not notice this, but people definitely do.

6.7 The Emotional Layer: What the Partner Is Really Looking For

During a good meeting, the partner isn't thinking, "Is this perfect?" or "Could anything go wrong?"

Instead, they're asking themselves, "Do I believe these people?" "Am I enjoying this conversation?" "Can I see myself supporting them when things get tough?" and "Will I feel proud defending this deal in IC and to LPs?"

They want to see your self-awareness—do you know your strengths and blind spots? They're also looking for coachability—will you listen and adapt? They care about your resilience—do you have the mental stamina for the tough times? And they check your alignment—does your ambition match the scale they need to make an investment?

This isn't just soft talk. It's the human side that matters just as much as the numbers.

It helps to take responsibility instead of blaming others or circumstances. Engage thoughtfully with tough questions instead of

getting defensive. Be willing to say “I don’t know yet” without losing your confidence. Show that you understand what venture means—risk, long timelines, and big ambitions.

6.8 What Happens Immediately After You Hang Up

Once the call ends, a second, largely invisible phase begins.

6.8.1 The Instant Summary

The transcription and note-taking tools create a short summary, such as “Company X is building Y for Z, currently at A with B growth, key risks: C.” They also provide a list of action items like “request cohort retention data” or “set up call with customer ref” and suggest tags for updating your profile, including metrics, pipeline stage, and sentiment.

Some tools can also create a “suggested IC memo skeleton” for the partner.

6.8.2 The Partner’s Quick Reaction

Right after your meeting, the partner usually adds quick notes in their system, like “strong founder clarity” or “market crowded, but interesting wedge.” They also mark how they feel about your pitch (positive, neutral, or negative) and decide whether to move you forward for more data or meetings, put you on hold, or decline.

Your follow-up email might arrive while they are still in this decision-making mode, which is why timing is important.

6.8.3 The Update to Your Score and Status

When you share new information or metrics, they update your internal score, pipeline stage, and their qualitative notes.

This can move you into a more urgent category, confirm their positive impression, or lower their enthusiasm if they notice any misalignments or red flags.

You won't see these updates directly, but you'll notice them in how quickly they move to next steps, the tone and detail of their follow-up questions, and who joins the next call.

6.9 The Art of the Post-meeting Follow-Up

Your follow-up email is one of the few things you can control between Phases 3 and 4.

If you do it well, your email reinforces key messages, fixes small mistakes or things you missed, adds helpful data to their system, and makes your champion's job easier.

A good follow-up typically includes the following:

1. **Thank you and recap.**
   Write a short, sincere thank-you and add one or two sentences about what you're building and why it stood out.
2. **Key numbers in bullet form.**
   List the main metrics you talked about in a simple format that's easy to copy and paste.
3. **Clarifications.**
   If you made a mistake or left out something important, clearly share the correct information.
4. **Requested materials.**
   Attach or link to any documents or data they requested, using simple and clear labels.
5. **Next steps.**
   Suggest a clear next step, such as setting up a product demo, a customer reference call, or following up on a specific topic.

This email will be part of your record at the fund. It can be used by summarization tools and as a quick reference for partners preparing for internal meetings.

You are writing not just to them but to every future person who will read about you through that email.

6.10 Reading the Signals After the Meeting

You often won't get a clean "yes" or "no" right away.

Instead, you'll see patterns.

6.10.1 Signs of Momentum

A second meeting is usually set up within a few days. More senior team members, such as another partner or the platform lead, join the next call. They may ask for access to more detailed information in your data room. They might also introduce you to a potential customer or a founder from their portfolio.

This means your score and the impression you made were strong enough to get more people involved. Someone is now interested and wants to see how you respond to deeper engagement.

6.10.2 Signs of Stall

You might get vague replies like "We'll get back to you once we've digested," but without a clear timeline. Sometimes, you'll see meetings being rescheduled again and again, or your follow-ups get slow responses. They may also ask for more information, but the requests seem generic instead of specific.

This often means there isn't a strong supporter for your proposal, or internal priorities and limits are making it hard for you to meet their current requirements.

You can try sending a polite reminder once or twice, and share any important updates if things change. Still, if you don't hear back after that, it's often a sign they're not interested.

6.11 Handling "No" in a System That Auto-remembers You

A “no” today doesn’t mean it’s a no forever, that you made a mistake, or that you should stop reaching out.

Usually, it just means you didn’t stand out from other options right now, the fund had constraints, or they weren’t fully convinced yet.

How you respond is important because they keep your profile and track your interactions. When you reach out again, they’ll remember how you handled the rejection.

Good practices include asking once whether they can share why they passed, accepting their answer politely, keeping them on your update list if the relationship seemed promising, and reaching out again only when you have real news to share, not just a status update.

Bad practices are arguing with their decision, sending long responses to try to change their mind, or contacting several people at the fund repeatedly.

Remember, building relationships and your reputation takes time, and both are tracked in this industry.

6.12 The Founder’s First-Meeting Checklist

Before you meet with partners at an AI-focused fund, make sure you go through this checklist:

Check that all your key metrics in your pitch deck, data room, and anything public are based on the same time period.

Make sure you can, without looking at notes, clearly state your current ARR or MRR (or main traction metric), your growth over the last 6 to 12 months, churn or retention, burn rate and runway, and your headcount and hiring plan.

Be ready to explain in a few sentences what your company does, who your customers are, and what evidence you have to show your progress so far.

Think about your biggest risk, how you are addressing it, and whether you can discuss it calmly if asked.

Decide what you *want* from this meeting besides just a term sheet. For example, you might want a deeper technical discussion,

introductions to founders in their portfolio, or a better understanding of how they evaluate companies like yours.

If you can say yes to these questions, you are better prepared than most founders who meet with these investors.

6.13 Reframing the First Meeting in Your Mind

The first meeting is not like an audition in front of a jury that knows nothing about you.

Instead, it is a chance to **confirm and add to the** data-driven impression they already have. It lets a potential supporter see your clarity, integrity, and drive. This meeting is just the first of several steps that will either build conviction or quietly end.

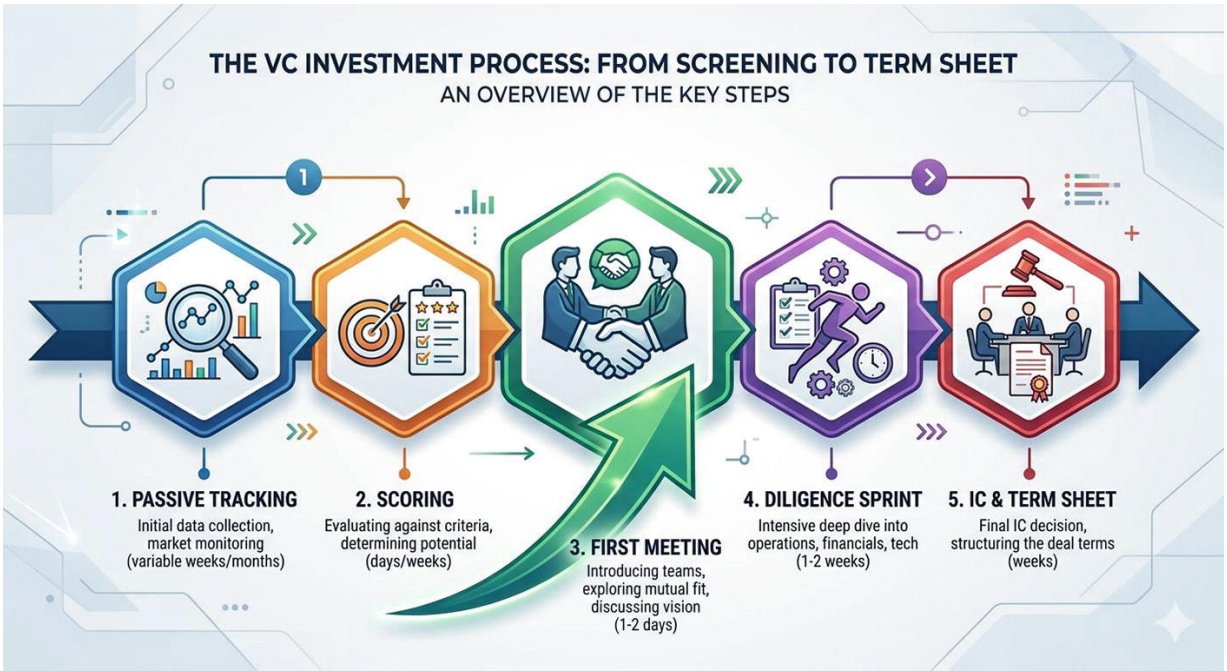
When you look at it this way, you stop putting too much emphasis on showmanship. You focus more on being clear and substantial, and you see that what you do after the meeting matters just as much as what happens during it.

You move past the idea that everything depends on one tense hour.

6.14 Looking Ahead

In the next part of the book, we'll explore what happens **after** that champion and the wider system decide to move forward. We'll see how automated workflows can create term sheets in just 24 hours, how AI is changing legal drafting and negotiation, and how you can handle these processes without losing control.

For now, keep in mind that the first meeting is not the most important moment. It is when the human and the machine try to understand each other. Your goal is to make that understanding as clear, honest, and engaging as possible.



BEFORE/AFTER: LENA'S QUOTABLE PARAGRAPHS

Before: When someone asks Lena, "What do you do?" she gives a different answer each time. Sometimes she focuses on AI, other times on services, or talks about the platform pivot. The fund's AI summarizer ends up confused and writes: "Unclear whether this is a services business or a software company."

After: Lena creates her Quotable Paragraph Bank using Tool F. Her answer to "What We Do" is now three sentences and includes a clear metric. The next fund's AI summarizer writes: "AI-enabled compliance platform, $1.2M ARR, transitioning from services to product with 73% gross margin on product revenue." The result is clear, easy to score, and accurate.

WHAT YOU WILL HAVE IN YOUR HANDS (CHAPTER 6)

- A Quotable Paragraph Bank: two to four sentence answers to the six questions every VC memo covers
- A Data Room Readiness Checklist organized in Tier 1/2/3 access levels

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B. Tran, *A Founder's Field Guide to Data-Driven Venture Capital*
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7. The 24-Hour Term Sheet

Where Speed Really Comes From—and How to Respond Without Losing Leverage

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In this chapter, you will learn how compressed timelines and 24-hour term sheets work in the AI era, and how to protect yourself. You will create a Red Lines and Scripts sheet.

7.1 The Myth of the Magic Term Sheet

You've probably heard stories like, "We met on Monday and had a term sheet by Tuesday," or, "They made their decision in just 24 hours."

From the outside, it can seem like magic or just luck. But on the inside, a "24-hour term sheet" is usually the result of weeks or even months spent tracking data, building models, checking references, and having many internal conversations.

In this chapter, you'll learn how a fast term sheet really comes together, what a quick process says about the fund's view of you, and how to respond quickly **while still keeping** control.

7.2 What Enables a 24-Hour Decision Internally

At an AI-enabled fund, a truly fast term sheet usually comes from three things: **preexisting conviction** (they have been watching you for months, tracking your metrics, hearing about you from others, and following your progress), **instrumented workflows** (internal dashboards show updated metrics and risk flags, and AI assistants can create investment memos from your data and call notes), and **template-driven term sheets** (standardized documents with just a few adjustable parts like valuation, check size, ownership, and a few key terms, with legal teams who know these templates well and can approve them quickly).

When they say "we can move in 24 hours," they usually mean that if their internal scores are already high and they like how the conversation is going, they can complete their process in one quick round instead of taking weeks.

This isn't necessarily good or bad. It just reflects how their system is set up.

7.3 What a Fast Term Sheet Really Signals

When you get a fast term sheet, it might show that the investor has strong conviction in your company and wants to move quickly before others do. It could also mean they are worried about losing the deal to competitors, or that they want to increase their ownership in your market segment.

Sometimes, a quick term sheet means the investor sees you as similar to other companies they have already backed, so they use a standard approach without much customization. It can also mean they are relying more on their models than on getting to know you and your business in depth.

Your job is to figure out the context. Are you in high demand, with several investors interested and strong business numbers in a popular market? Has this fund spent real time getting to know you, or is this one of your first conversations? Are they considering your unique situation, or just offering a standard deal?

7.4 The Agentic Workflow Behind a Term Sheet

Here's how a typical fast workflow looks in an AI-enabled fund. First, there's a signal or spike in interest, like a new metric update, a strong meeting, a positive reference, or a competing term sheet. Next comes the diligence sprint, where AI tools gather updated metrics, notes, and references. Internal experts or the platform team quickly check technical and market details, and a draft memo is created and annotated. Then, there's a decision huddle or investment committee meeting, which is usually shorter and more focused, sometimes even done asynchronously, to decide: "Yes, No, or Need More Data." After that, the term sheet is generated using a template with the agreed economics and terms, and legal reviews make sure everything matches the firm's standards. Finally, partners communicate with you, presenting the term sheet and explaining the speed, reasoning, and expectations.

You still have control over your decisions. The main difference is that you have less time to choose how to respond.

7.5 How to Respond to a Fast Term Sheet

If you receive a term sheet quickly, you might feel like you should accept it right away so you don't lose the opportunity, or you might want to push back because it feels rushed.

But there is a more balanced approach you can take.

Step 1: Acknowledge and slow the moment mentally.
You can thank them for moving quickly without feeling pressured to decide right away:

> "We really appreciate how quickly you moved and how clear this is. This is a big decision for us. We'd like to review the details,

talk with a couple of our advisors, and come back to you within [X time frame]."

For seed rounds, taking 48–72 hours to decide is usually fine, unless the process is unusually competitive or the offer expires sooner. If it's not a preemptive offer, you might be able to take a bit longer, but make sure you're upfront about your timing.

Step 2: Clarify their expectations around timing and exclusivity. Be straightforward and ask:

"How are you thinking about timing on your side? Are there any expectations about exclusivity or us pausing other conversations while we review this?"

This helps you find out whether there are soft or hard deadlines, whether they want you to pause other conversations, and how much flexibility you actually have.

Step 3: Decide what you want to check before saying yes. Look at the terms: valuation, dilution, pro rata, governance like board seats and veto rights, and information rights.

Think about partner fit. Do you really want to work with this person and their firm?

Consider the market context. Are these terms fair for your company's stage and progress?

If you're at the seed stage, keep your reference checks short but focused: Talk to one or two founders from the investor's portfolio, ideally including someone whose experience wasn't perfect.

Also, reach out to one or two trusted external advisors who can help you review the terms.

You don't need to spend four weeks on this, but you also don't have to say yes right away.

7.6 Scripts for Different Scenarios

Scenario A: You like the fund, the terms are fair, and you want to move fast.

> "We really like this and appreciate how clear everything is. Over the next 48 to 72 hours, we'd like to do two things: first, review the terms with our counsel, and second, have one or two reference calls with portfolio founders. As long as nothing unexpected comes up, we're planning to move forward. Does that timing work for you?"

Scenario B: You like the fund, but terms or structure are off.

> "We're excited about the chance to work together and appreciate how quickly you sent the term sheet. There are a few areas—like [valuation/option pool/governance term]—where we'd like to see whether we can get closer to what we have in mind. If we can find common ground on these, we'd be ready to move forward quickly. Is there any flexibility within your internal guidelines to adjust these points?"

Focus on specific points and prioritize the most important issues.

Scenario C: You're not sure yet; you want to keep other conversations alive.

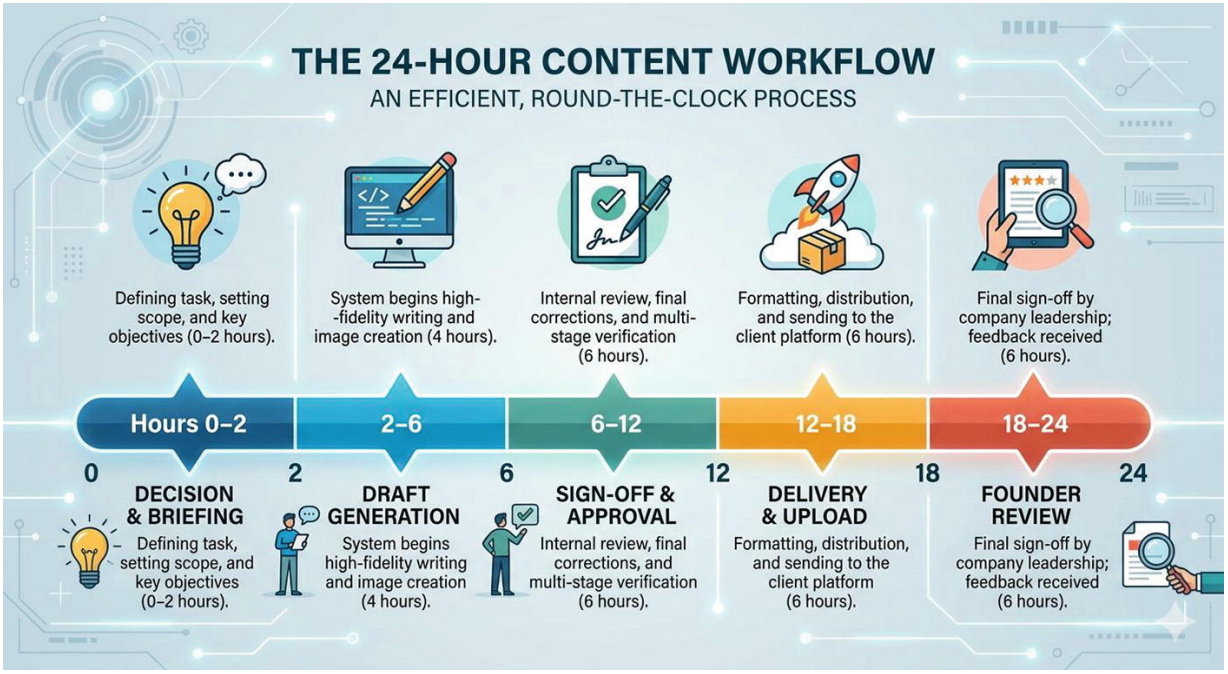
> "Thank you for moving so quickly. This really means a lot to us. We are still talking with a few other partners we respect. Our plan is to make a final decision by [date], after we compare both the terms and the fit. We want to be clear with you; if that timeline does not work for you, we understand."

You can say this, and they can decide to walk away. That is okay.

7.7 Founder Playbook: Your Term Sheet Readiness

Before you receive a term sheet, make sure you know your non-negotiables (see Chapter 8), such as governance, extreme liquidation preferences, and unreasonable vetoes. Prepare a simple dilution model for different check sizes and valuations. Also, decide ahead of time how many days you'll usually need to make a decision and how many reference calls will help you feel confident.

This way, if you get a term sheet quickly, you can follow your plan instead of scrambling to make decisions in the middle of the night.



WHAT YOU WILL HAVE IN YOUR HANDS (CHAPTER 7)

- A Red Lines and Scripts sheet: your non-negotiables on speed, data access, and terms
- Pre-written response scripts for the four most common pressure situations

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B. Tran, *A Founder's Field Guide to Data-Driven Venture Capital*
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8. The Lawyers Inside the Machine

How AI Is Transforming Deal Legals—and Where You Set Your Red Lines

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In this chapter, you will learn how AI is changing legal diligence, from automated contract review to using algorithms for risk scoring in term sheets. You will create a legal readiness checklist and prepare questions to ask about AI-driven diligence terms.

8.1 Legal Work Is Now Partly Automated

For investors, AI has changed how legal work is done in deals. It helps draft and review term sheets and longer documents, compare new deals to previous ones, scan for unusual clauses, and summarize differences between document versions.

Firms now use tools like internal software that can create or mark up standard documents from templates, AI systems that highlight when terms differ from the usual company standards, and collaboration platforms that track partner comments and legal risks.

This can be good for you, since you may see fewer clerical errors, faster turnaround times, and less random variation in standard language.

It also affects how you approach risk, negotiation, and sharing data.

8.2 What's Being Automated—and What Isn't

Tasks that are now automated or mostly handled by software include generating basic term sheets from templates, drafting equity financing documents and SAFEs using key details, comparing and summarizing changes between document versions, and checking for clauses that don't match your internal guidelines.

Some things still need a human touch. These include judging unusual risks like regulatory or unique IP issues, planning negotiation strategies and weighing trade-offs, deciding how much your firm will bend its usual rules for a deal, and helping you as a founder understand what you're signing and what it means for the future.

Founders sometimes put too much trust in automation and don't give enough attention to their own team. Make sure you don't fall into that trap.

8.3 Shared Tools and "Symmetric" AI

A new trend is that both sides are starting to use similar tools. For example, you might use AI to summarize and annotate the term sheet, while investors use AI to create and review it. Some platforms now offer shared workspaces where everyone can see the same red lines and comments.

The benefits include more transparency about what's changing, quicker progress on straightforward points, and fewer misunderstandings.

On the downside, there's a risk of treating negotiation like adjusting sliders on a menu. Important details can get lost in AI-generated summaries, and it's not always clear whose data is being used to train which models.

You want to use these tools to understand faster, not to delegate judgment.

8.4 Founder Red Lines in an AI-Mediated Raise

Regardless of how "automated" the other side is, you should have a few non-negotiable principles:

Clarity on data use and confidentiality

Before you upload detailed dashboards, raw logs, or internal documents to investor tools or shared platforms, find out who can access this data at the firm and on the platform. Also ask how long it will be stored and whether it will be used to train models or analytics that could affect other deals.

You don't need a perfect answer, but you should be aware of these issues and set limits when needed. It's reasonable to say "We're happy to share X and Y for this process, but we're not comfortable with Z data being used beyond this deal. Can we structure access accordingly?"

Governance and control

At the seed stage, it's common for founders to have one board seat, the lead investor to have one, and sometimes an independent seat is added later. Sometimes, there is no formal board yet, just observer rights and standard information rights.

Watch out for red flags like aggressive control terms, such as vetoes on routine decisions. Be cautious of information or consent rights that are too restrictive and slow down your work. Also, look for hidden control in side letters or policies that are summarized by software tools only instead of people.

Economic outliers hidden in boilerplate

AI tools can quickly model complex waterfalls and preference structures. Even so, ask counsel to flag the terms that matter most in downside or middling outcomes: multiple liquidation preferences, such as 2x or 3x before common receives proceeds; participating preferred, where investors receive their preference and then also share in the remaining proceeds; unusual anti-dilution provisions; or anything else

that could hurt you more than expected if the exit is smaller than planned.

You can say “We understand you may use automation internally, but for us this is a major life decision. We’d like our counsel to walk us through the exact economics in different scenarios.”

Time pressure as a tactic

Sometimes, speed is genuine. Other times, it is used to stop you from comparing offers, getting advice, or noticing unusual terms that are called “standard documents.”

You do not need to be confrontational. Instead, you can say “We appreciate speed. We’re also committed to understanding what we sign. Here’s the minimal review process we need on our side. If that timing doesn’t work, we’ll regrettably have to pass.”

8.5 Using AI on Your Side—Safely

AI can help you summarize long documents, spot unusual clauses compared to standard templates, come up with questions for your lawyer, and run payout scenarios with different cap tables.

Some good ways to use AI are uploading your term sheet and asking for a simple explanation of each main section, asking which clauses are unusual for a seed round and then confirming with a person, or modeling what happens to your ownership and returns if you raise on these terms and reach different exit sizes.

Some bad ways to use AI are trusting any reassurance it gives you, like “this looks normal,” without having a person check; copying sensitive documents into random tools without knowing where your data ends up; or using AI to argue legal points you don’t actually understand.

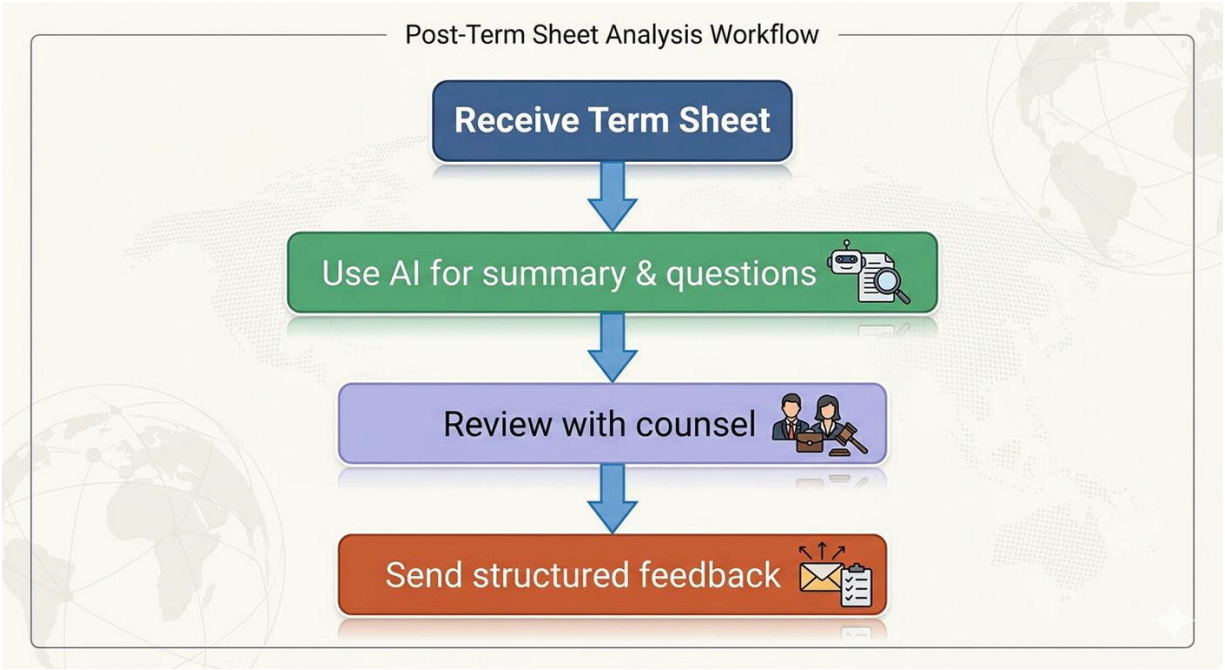
Treat AI like a junior analyst or translator, not as your lawyer.

8.6 Founder Playbook: Legal Readiness in an Automated World

Before you begin fundraising, pick a lawyer or firm you trust to review term sheets. Set clear expectations, like “We will never sign a term sheet we don’t understand at a basic level” and “We will always reserve at least 48 hours for legal and reference checks unless we explicitly decide to waive that for compelling reasons.” Decide on your three to five non-negotiables, such as avoiding extreme preferences, having a reasonable board or control structure for your stage, and making sure your private data is used clearly and only for limited purposes.

Write these down, share them with your co-founders, and look back at them if a fast-moving process tempts you to change your principles.

Automation and AI can make fundraising quicker and less stressful. Use that speed to help you, but don’t let it rush you into deals you might regret once the excitement of closing your round fades.



WHAT YOU WILL HAVE IN YOUR HANDS (CHAPTER 8)

- A legal readiness checklist: IP assignments, counsel lineup, and governance baseline
- A list of questions to ask any VC's legal team about AI-driven diligence terms

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B. Tran, *A Founder's Field Guide to Data-Driven Venture Capital*
https://doi.org/10.1007/979-8-8688-3246-8_9

9. Beyond the Pitch: How VCs Measure You After They Invest

Dashboards, Health Scores, and Staying Top-of-Stack for Follow-Ons

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In this chapter, you will learn how VCs monitor you after they invest, using dashboards, benchmarks, and specific triggers for intervention. You will create a simple Investor OS that includes an update template, a metric sheet, and CRM columns.

9.1 You Don't Stop Being Scored After the Wire Hits

A lot of founders think the scoring process stops once they get an investment. But for most data-driven funds, that's actually the beginning of a new stage. After the deal, your company moves from the "pipeline" to the portfolio dashboard. You'll get a health score, which is a lot like the fit score you saw during fundraising. These scores help investors decide which companies get more support, introductions, and follow-on funding.

This chapter will show you what data investors look at after they invest, how your company's "portfolio health" can affect future funding,

and how to set up your own reports to stand out as a reliable, high-potential founder.

9.2 What Goes into a Portfolio Dashboard

Most AI-enabled funds track a range of metrics. These include financial metrics like revenue (MRR/ARR), growth, burn rate, and runway; customer metrics such as number of customers, expansion, churn, and basic cohort analysis; product and usage metrics like active users or teams, key usage actions, and engagement frequency; operational metrics such as hiring compared to plan, team size, and how long it takes to fill key roles; and finally, valuation and ownership details like entry price, current valuations, and stake size.

They gather some of this information from your regular updates, board materials, data room, reporting dashboards, or external data providers.

Other information is inferred or estimated.

The goal is not to monitor for the sake of it but instead to spot problems early, allocate partner time, and plan reserves and follow-on strategies.

You should aim to make your information easy to understand in this system.

9.3 The Portfolio Health Score

Funds often use an internal “health score” that combines growth and retention, capital efficiency like burn compared to progress, market context such as whether your segment is getting more or less attention, and qualitative factors like partner confidence and the quality of founder updates.

This score is not the only factor in follow-on decisions, but it strongly influences which companies are a “default yes” for pro rata, where partners step in to help, and which founders are included in LP updates and case studies.

As a founder, you don't see the exact formula, but you notice its effects. Are they reaching out early when things get tough? Do they offer ideas and introductions, or do you always have to follow up? Do they include you in their story about the portfolio?

You can't control everything. But you can manage how often and how well you communicate, how clear your metrics and requests are, and how you handle bad news.

9.4 Designing Founder-Friendly Reporting

Here's a simple reporting rhythm: Send short updates every month at the seed and Series A stages. Share longer updates and board decks each quarter. Use this structure for your regular updates.

Share three to five bullet points covering your main wins and challenges. Include key metrics and compare them to the previous period. Give a quick overview of your go-to-market efforts, including your pipeline, deals won or lost, and lessons learned. Summarize your product progress by sharing what you've shipped and what's coming up next. Update on your team by mentioning key hires and any departures. List any requests, such as introductions, specific expertise, or help with recruiting.

Make it easy for your investor to copy key numbers into their dashboard, share your progress with their team, and understand exactly how they can help.

9.5 Handling Bad News in a Data-Tracked World

Investors usually spot problems early. They notice when growth slows, churn increases, hiring lags, or runway gets shorter than planned.

You might want to wait before sharing bad news, try to make it sound better than it is, or hope the problem goes away before anyone notices.

But this approach usually backfires.

A better way is to raise the issue early, explain what you think is causing it, and outline one to three clear steps you're taking to fix it and how you'll measure progress. Ask for specific help where investors can really make a difference.

For example, as follows:

> "We lost 3 of our 12 paying customers this quarter, all below $1k MRR, and logo count is flat. The common thread is early-stage teams using us lightly, not our target mid-market ICP. We're tightening our ICP, revisiting pricing, and shifting our outbound to focus on teams of 50–200 engineers. Here's how we'll track progress, and here's where intros and feedback would be most valuable."

This kind of update is honest about your company's health, and it also builds trust and shows you're on top of things.

9.6 How Health Scores Affect Follow-Ons

When funds make reserve decisions, they usually consider how your performance compares to your plan, the potential for market growth, their ownership stake, how you stack up against other portfolio companies, and whether they can help you raise the next round.

If you're in the "green or improving" category on their dashboards, it doesn't guarantee follow-on funding. However, it usually means they're more likely to lead or join the next round, work harder to bring in co-investors, and advocate for you more strongly.

Being "yellow with a clear plan" is usually much better than "mysteriously quiet." You can't always be green, but you can usually avoid "unknown."

9.7 Founder Playbook: Post-investment Discipline

Within 30 days after closing a round, work with your lead to decide how often and in what format you'll send updates, which three to five metrics are most important right now, and how you'll share board materials, including which tools to use and when to send them. Set up a regular time to gather these metrics, write your update draft, and review your story before sending it out.

Think of this as part of building a company that is ready for AI. Make sure your dashboards are just as clear and up-to-date as those your investors use.

9.8 Why Data-Driven Portfolio Management Matters

Industry evidence suggests that structured post-investment support is associated with stronger portfolio management and may contribute to better outcomes, including IRR and TVPI. But causation is hard to isolate: firms with strong portfolio support may also have better sourcing, selection, networks, reserve strategy, and follow-on discipline. For founders, the practical point is still clear: what happens after the check matters. A fund's ability to help with hiring, customer introductions, financing strategy, governance, and operating discipline can be a meaningful part of its value beyond capital.

As a founder, this means your investors have good reasons to set up advanced monitoring systems. They are not just keeping an eye on you for no reason; they use this data to boost their own results. Knowing how they work can help you communicate and work with them better.

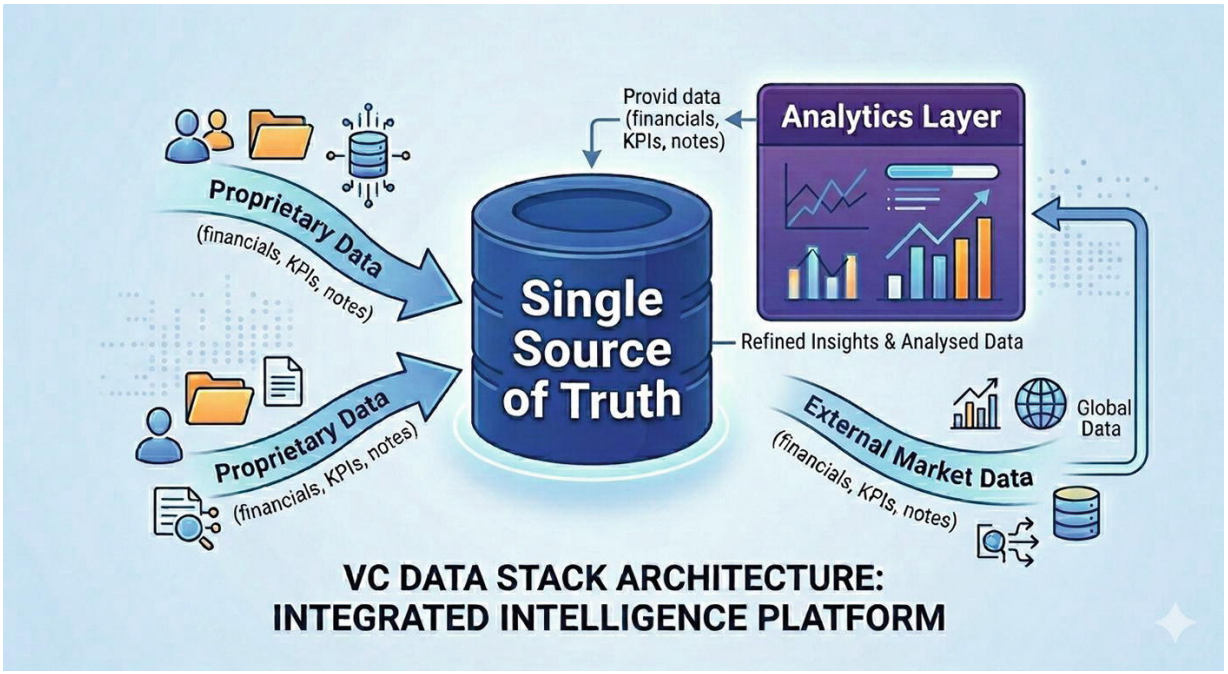
9.9 The Two Tiers of Portfolio Data Management

Top data-driven venture capital firms organize their portfolio data practices into two main levels, and a third level is starting to appear.

Tier 1: Data Foundation—The Single Source of Truth

At the center is a Single Source of Truth (SSOT), which is a central place where all proprietary portfolio data is stored in a clean and consistent way. This covers financial statements, cap tables, KPI spreadsheets, board materials, and notes from partner meetings. The SSOT is for only *internal* data. External market data, like information from PitchBook or Crunchbase, is kept separate and used just for context or benchmarking, not as the main record.

So, when a VC asks you for structured data, they are putting it into a system that helps their whole team see the same information. By giving them clean, consistent, and timely data, you help their system work better for you too.



Tier 2: Value from Data—Analytics, Risk, Benchmarking, and Reporting

Once the basics are in place, VCs use that data to make decisions. They look at analytics to spot trends, find patterns, and answer key questions. For risk management, they set up early-warning systems that flag issues, like a sudden drop in revenue or a spike in churn, before they turn into bigger problems. Benchmarking helps them compare portfolio companies to similar businesses by sector, stage, and

location and also see what success looks like at the next level. Reporting is made easier by automating LP reports and internal dashboards, so the team can focus less on data admin and more on supporting companies.

For you, this means your investor can quickly spot both problems and opportunities. A good dashboard lets them know when to offer support and when to celebrate your achievements.

9.10 The Metrics That Matter Most

VCs with strong portfolio intelligence focus on a short list of KPIs, usually 10–15 for each company. This helps them balance detail with usability. They also adjust these KPIs based on the company's stage and industry.

Guiding Principles for KPI Selection

Focus on a manageable number of metrics: Tracking too many can be overwhelming, while too few might cause you to miss important details.

Choose your metrics based on your company's stage and industry: Early-stage startups should look at activation, CAC, and user growth. Later-stage companies need to focus more on profitability and efficiency.

Standardize definitions: Everyone must count "active user" the same way.

Compare your results to similar companies in your industry or stage.

Review your key metrics every year, since your company's main drivers will change as it grows.

Core KPIs Across Stages

Table

Stage-Specific Metrics

Table

9.11 People Metrics: The Human Capital Layer

A startup's success depends a lot on its team. VCs who rely on data look at things like how stable the founders and team are, employee satisfaction from surveys or Glassdoor reviews, the mix of senior and junior staff, and feedback from board meetings.

These metrics can often signal financial problems before they show up in the numbers. So if your investor asks about your team's health, they are not just being curious. They are using a proven way to spot risks early.

9.12 Benchmarking As a Strategic Compass

Experienced VCs use benchmarks to see your current position and to figure out what success looks like as you grow. By looking at similar companies with higher revenue, they can help you understand the efficiency, team structure, and growth pace you'll need to raise your next round.

This approach lets them offer clear, practical advice. Instead of just saying "grow faster," they might tell you "to hit Series A metrics, you need to improve net retention to X% and reduce CAC payback to Y months."

9.13 Reporting Maturity: How Your Investor's Systems Evolve

Most VCs have internal reporting workflows that develop through three stages. Knowing which stage your investor is at can help you adjust your own reporting.

Table

If you are working with a level 3 fund, be ready to share data through an API or structured exports. For level 1 or 2 funds, using consistent and clear metrics also helps them, and building that goodwill is worth it.

9.14 Future Tier 3: Autonomous Intelligence Layer

Advanced venture firms are beginning to build an intelligence layer for portfolio operations. These systems can flag risks, recommend actions, and, with human approval, trigger workflows. An agent might alert the founder and partner to a 30% revenue drop, identify likely causes, or recommend recruiting support when revenue growth outpaces team capacity. Over time, these tools may enable more continuous monitoring, stronger value-creation support, and better financing or exit planning. But autonomy should have limits: actions that affect company operations, data, financing, or employees should require clear permissioning, human review, and audit logs.

For founders, this means your investor's technology will soon take an even more active role. If your company is already well organized and tracks its data carefully, you can expect faster and smarter support.

9.15 Founder Playbook: Updated Post-investment Discipline

Add these steps to your post-closing checklist: Ask your lead investor which metrics matter most to them (try to keep it to 10–15). Make sure you both agree on what each metric means and write down those definitions. Find out how advanced their reporting process is and send your data in the format they like best, such as CSV, API, or a dashboard. Check whether they use benchmarking and what they compare your company to. Also, ask about their plans for AI-driven portfolio tools—not to pry but to understand how they plan to monitor and support you.

WHAT YOU WILL HAVE IN YOUR HANDS (CHAPTER 9)

- A Monthly Investor Update template mapped to how AI-enabled VCs ingest portfolio data
- A simple metric sheet with consistent definitions
- Investor CRM columns for tracking your process

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B. Tran, *A Founder's Field Guide to Data-Driven Venture Capital*
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10. Picking the Right Kind of AI Fund

Separating Real Builders from Slideware—and Matching to Your Stage

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In this chapter, you will learn how to classify and choose between AI-native, hybrid, and legacy funds and adjust your approach for each type. You will create a worksheet to rank your top 15–20 fund targets based on fit and connection strength.

10.1 Not All "Data-Driven VCs" Are the Same

By 2026, many funds will now describe themselves as "AI-enabled," "data-driven," and "running proprietary models."

In reality, some firms truly build their own AI products, others use a mix of tools and manual work, and some older firms rely more on basic analytics and storytelling.

This chapter will help you spot the three main types of firms, ask the right questions to see how they really work, and choose which type fits your needs right now.

10.2 Three Archetypes of "AI Fund"

You can think of most funds as roughly the following:

Table

There is no single archetype that works best for everyone. The right choice depends on your company's stage and complexity, how much structure and data sharing you prefer, and the type of support you want after investment.

10.3 Questions to Ask to See Through the Branding

When talking to a potential lead, you can ask the following:

1. **"What does 'data-driven' mean for your firm, concretely?"**
   Pay attention to whether they mention specific tools and workflows, like "we have X internal dashboard" or "we use Y to monitor portfolio metrics," instead of just saying "we look at data."
2. **"Who builds and maintains your internal tools?"**
   If they are AI-native, there is strong evidence that they should have at least one in-house engineer or data specialist.

   A hybrid setup might mean they rely on a shared resource or an outside vendor.

   For legacy firms, you might hear something like, "our CRM vendor handles most of that."
3. **"How do you typically use data before and after investing?"**
   A strong answer will include details about how they source deals, score opportunities, and support their portfolio.

   A weak answer would be something generic, like "we like to be helpful with intros."
4. **"Can you share an example of how your stack helped a portfolio company?"**
   You want to hear real examples, not just marketing talk.

Your goal isn't to audit them. You just want to understand what it would be like to work with them if you accept their investment.

10.4 What an "AI-Native" Partner Relationship Feels Like

If you work with an AI-native fund, you'll find that their processes are organized, with clear steps, timelines, and requests for data during fundraising. Once they invest, they'll want regular updates and consistent metrics from you. Their dashboards help them follow your progress, so they may contact you if they see any major changes. You'll also have access to platform support, like benchmarking tools, introductions based on data, and recruiting help through their network.

This approach works best for founders who are open about sharing information, value data and product-focused conversations, and like quick, clear decisions.

On the downside, you might feel closely monitored and find there's little patience for messy reporting or unplanned updates.

10.5 What a "Hybrid" Firm Relationship Feels Like

Hybrid firms usually use some data-driven tools and practices, but how modern their workflow is can vary a lot from one partner to another.

One partner might use data thoughtfully and have a clear process, while another could take a more traditional, relationship-focused approach.

This setup works well for founders who care about working with a particular person at the firm, are comfortable with some inconsistency, and want some data-driven support without full oversight.

Possible downsides are uneven support, unpredictable follow-up, and not knowing how the firm will act if your main partner leaves.

10.6 What a "Legacy/Light" Firm Relationship Feels Like

Legacy or less tech-focused firms mostly depend on the networks and judgment of their partners. They usually use only basic tools like a CRM and sometimes simple analytics.

Working with these firms often feels more like a conversation and is based on instinct. The process can be slower, less predictable, and depends a lot on personal chemistry.

These firms are a good fit for founders who value a partner's experience and trust, are at an early stage or in areas where standard metrics do not apply, and want a less structured and less formal approach, at least at first.

Some drawbacks are slower decision-making later on, less support with data and benchmarks, and more differences in how they treat each company.

10.7 Matching Archetype to Your Stage

Here's some general guidance to consider:

If you're at the pre-seed or early seed stage and haven't found product-market fit yet, a highly structured AI-focused fund can be a good choice if you're prepared to work within a disciplined framework. A reliable partner at a hybrid or traditional fund can also be a great fit, especially if you're working in a unique or less obvious area.

If you're at the seed stage with real traction or just starting Series A, AI-focused or strong hybrid funds can help you grow using data, especially when it comes to launching your product and building your team. You may need to do more reporting, but you'll get more focused support in return.

For later Series A rounds and beyond, you'll probably have a mix of different types of investors on your cap table. Focus on investors who can really help you tackle the challenges you'll face in the next two years, like hiring, expanding, and setting your strategy. Also, pay attention to how they support follow-on rounds.

10.8 Due Diligencing the Investor

You're not just being evaluated; you should be evaluating them too. Ask portfolio founders questions like: "What changed after the check cleared?" "How often do you talk, and what do you discuss?" "Tell me about a time something went wrong. How did they respond?" "How have they handled follow-on and bridge decisions?" "What do they actually do that makes a difference for you?"

Next, compare what founders say with how the fund describes itself. Does their claim of being "AI-enabled" actually show up in the way they support founders?

10.9 Founder Playbook: Your Investor Shortlist Design

Before you start reaching out to investors, do the following:

Create a shortlist of 15–30 funds. For each one, write down their archetype, such as AI-native, hybrid, or legacy/light; what stage they focus on, their typical check size, and which sectors they invest in; and identify at least two founders from their portfolio you could reach out to.

Figure out what your ideal mix of investors looks like for this round. Choose one clear lead investor from an archetype that excites you and one to three meaningful co-investors and operators.

For each potential lead, come up with three to five specific questions to ask about—for example, how they (1) use data, (2) support founders, and (3) act when things are not going well.

This shifts your approach from just asking for any capital to choosing the environment where your company will grow.

You are not just choosing money. You are choosing the operating system for your company's next stage.

10.10 Evaluating a Fund's Data Infrastructure

When choosing a lead investor, don't just rely on their marketing materials. Pay attention to how they use internal data, as this shows how they will track your progress and help you after investing. Consider asking the following:

"Do you have a Single Source of Truth for portfolio data?"
If they answer yes and explain how they organize their data, it shows they are mature in their approach. If they struggle to describe a consistent system, their processes might be fragmented.

"How do you separate proprietary data from external market data?"

This question helps you see whether they understand the risks of mixing company records with outside data. Funds that keep these separate are usually more disciplined in their decisions.

“What tools do you use for portfolio monitoring?”
If they use a data warehouse and business intelligence tools like Tableau or Looker, they are probably very organized. If they use only scattered spreadsheets, their work may be slower and less accurate.

“Do you have any AI-powered portfolio features planned?”
A company that looks to the future will be eager to talk about their plans. Their answer shows how they plan to use automation to help you.

10.11 Data As a Competitive Advantage

Off-the-shelf datasets like PitchBook and Crunchbase are now easy to get. Any fund can buy the same information and claim to be “data-driven.” What really sets a VC apart is how well they collect, organize, and use their own portfolio data, including their insights, patterns, and founder interactions.

Firms that use their own data in decision-making can reduce risks sooner, find opportunities more quickly, and achieve better results. For you, the best funds do more than just use data to sort deals. They use it to build unique knowledge that helps them support you.

Ask potential investors, “What unique insights do you get from your portfolio data that others don’t have?”

Their answer will show whether they really use data or are just repeating buzzwords. A strong answer could be “We track cohort-level engagement metrics across our SaaS portfolio and have developed proprietary benchmarks for when to double down versus pivot.” A weak answer is “We look at the usual numbers.”



WHAT YOU WILL HAVE IN YOUR HANDS (CHAPTER 10)

- A fund classification worksheet: your top 15–20 targets scored by thesis fit and connection strength
- A decision framework for choosing between AI-native, hybrid, and legacy investors

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B. Tran, *A Founder's Field Guide to Data-Driven Venture Capital*
https://doi.org/10.1007/979-8-8688-3246-8_11

11. How to Run an AI-Powered Fundraise Yourself

Leveling the Playing Field with Your Own Stack

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In this chapter, you will learn how to run your own fundraising campaign with AI tools, covering everything from building your contact list to managing outreach and the overall process. By the end, you will create a 14-day Fundraise OS sprint plan.

11.1 You Can Run a Process As Systematically As They Do

At this point, you've seen how AI-powered funds track the market, evaluate and rank companies, use organized processes, and keep an eye on portfolios with dashboards.

You can do much of the same by using a simple set of ready-made tools and some discipline. This gives you enough structure to turn fundraising from chaos into a manageable process, and you don't need an engineering team.

This chapter shows you how to build a simple, AI-assisted investor CRM and pipeline; map fund theses and match them to your profile; automate key parts of outreach, follow-up, and data room prep; and simulate dilution and runway scenarios before you sign anything.

11.2 Your Minimal “Founder OS” for Fundraising

At the seed and Series A stages, you don’t need a complicated setup. All you need is a CRM, like Airtable, Notion, or even a well-organized spreadsheet. Make sure it includes fields for fund, partner, stage focus, thesis, warm connections, status, last touch, next step, and notes. You’ll also want a single folder or workspace that holds your latest deck (with versions), a one-page company profile, a metrics snapshot (with the date), and a list of key customer references. Some light automation, like AI-assisted email drafts, follow-up reminders, and templated updates, can also help.

If you do only one thing from this chapter, make a single, organized list of your target investors and keep it up-to-date. Everything else connects to that.

11.3 Mapping Investor Theses to Your Company

Rather than sending your pitch deck to everyone, focus on a short, targeted list of funds. Look for those that match your stage, sector, and location, where your check size fits, and where your company could realistically be one of their top 5–10% bets.

Take the following practical steps:

Begin by looking at your archetype preferences from Chapter 10. For example, you might focus on “AI-native or solid hybrid funds that like dev-tools or infrastructure, lead $2 to $4 million seed rounds, and are US-focused.”

For each fund, note their stated thesis from their website, blog, or talks. Record their recent deals, including stage, sector, and geography. Also, track check sizes, ownership targets, and any clear “we don't do X” filters.

In your CRM, tag each fund as a “strong fit,” “stretch,” or “off-thesis.” Be honest with yourself. If a fund is truly off-thesis, move it down your

priority list.

11.4 Using AI to Draft and Personalize Outreach

AI can help you write initial outreach emails, adjust your main message for each fund's focus, and keep your tone and content steady.

Maintain the following workflow:

For each fund, enter your main company profile and two or three nonconfidential points about that fund's focus into your drafting tool. Avoid entering confidential metrics, customer names, cap tables, source code, or sensitive data-room materials into public AI tools unless the vendor and data terms have been approved.

Ask the tool to create a short, focused email that mentions a relevant past investment or the fund's thesis, clearly asks for an intro call, and shares your two or three main metrics.

Next, edit the email to sound genuine, keep it under about 150–200 words, and attach your deck only if it makes sense. Some funds prefer to get a link after showing interest.

11.5 Running Your Pipeline Like a Sales Process

Think of your fundraising process as similar to an enterprise sales cycle.

The stages are research, warm introduction or outreach, first meeting, deep dive and data sharing, partner discussions, term sheet discussions, and, finally, won or lost.

Each week, review how many investors are at each stage. Identify where things are getting stuck and why. Focus more time on the most promising conversations.

Set up automated reminders to follow up five to seven business days after a meeting if you have not received a response. Give yourself a

deadline—for example, “If nothing meaningful moves by [date], we’ll downgrade this lead.”

This approach helps you avoid making decisions based on emotion in the moment.

11.6 Automating the Boring Parts of the Data Room

When you’re at the seed stage, your data room can be simple.

Include a company overview, like a pitch deck or a one-page summary.

Add your key metrics in a simple spreadsheet with clear definitions and a few charts.

Share a list of anonymized segments first and, with later diligence or with customer consent, important customers, including their names, segments, and how ready they are to be contacted.

Provide basic legal documents, such as your company charter, any existing SAFEs or notes, and your cap table.

AI tools can help you write clear metric definitions and footnotes, summarize customer stories, and spot inconsistencies in your documents, like changing numbers in your metrics.

The main thing is to keep it simple. Focus on making your data room accurate, consistent, and easy to update.

11.7 Simulating Dilution and Runway with Simple Models

Before you agree to any term sheet, make sure you have a basic cap table and can see how things might play out with different raise amounts, valuations, hiring plans, spending, and the goals you want to reach.

You don’t need fancy tools. A simple spreadsheet showing ownership by round is enough. You can ask an AI assistant to help with

formulas and check your math. Try modeling two or three likely scenarios and one or two less favorable ones.

Here are some key questions to consider:

> "If we raise on these terms, how much runway do we really have under our likely hiring plan?"
>
> "What milestones do we need to hit for a healthy next round?"
>
> "What does founder ownership look like at Series B if we follow this path?"

Once you have these answers, you can compare offers based on your **plan**, not just the top-line valuation.

11.8 Founder Playbook: Fourteen-Day Fundraise OS Sprint

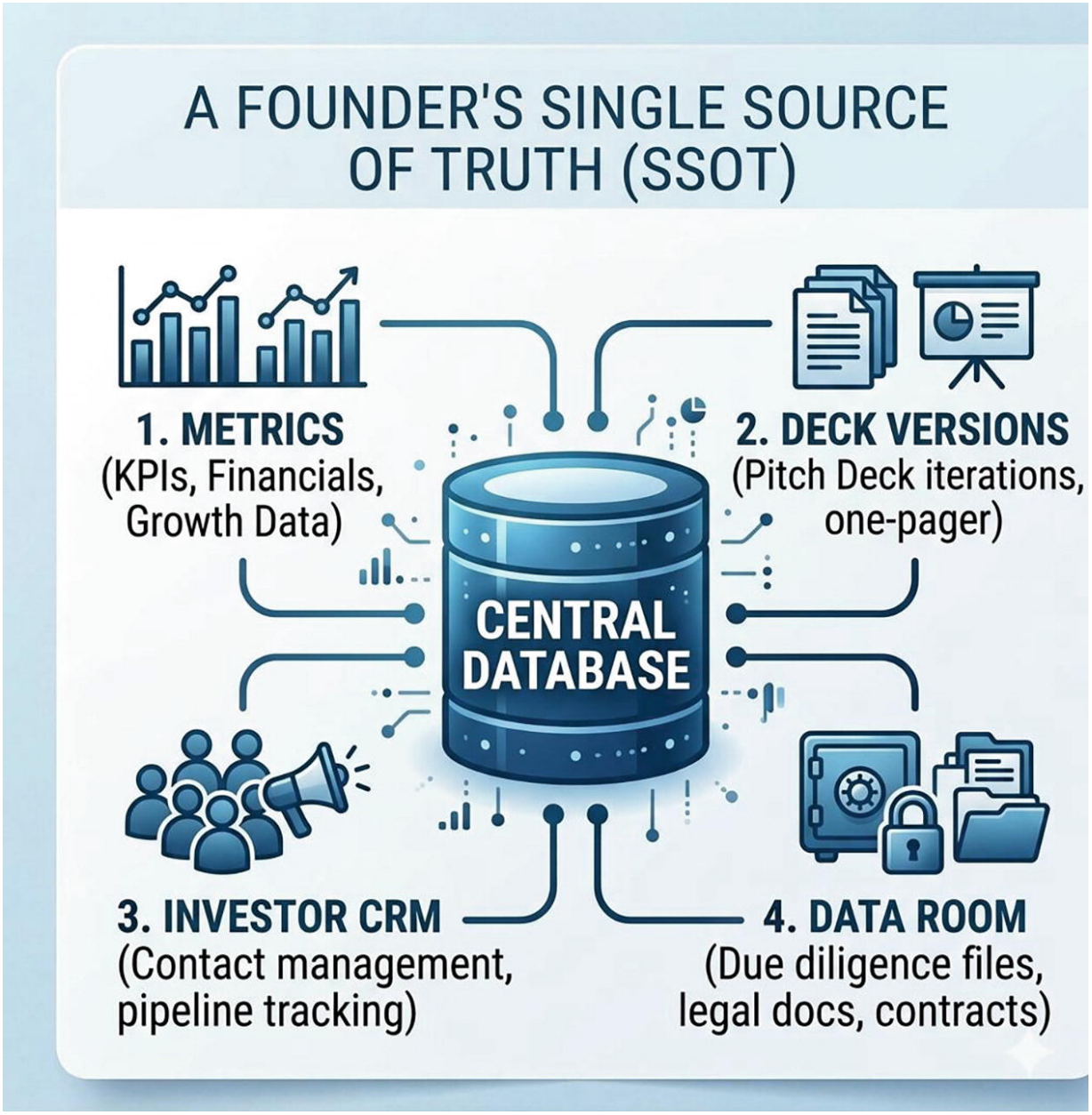
In two focused weeks, set up your investor CRM with tiers and tags. Finish your main deck, profile, and a snapshot of your key metrics. Write and personalize outreach emails for your top investor list. Start a weekly review routine, and build a simple dilution and runway model for two or three likely term sheet scenarios.

With these steps in place, fundraising turns into a set of planned actions instead of last-minute scrambling.

11.9 Building Your Own Data Foundation As Part of the Raise

Just like VCs need a Single Source of Truth for their portfolio, you should set one up for your company and use it to help with fundraising. While raising money, keep your own SSOT for metrics, deck versions, and investor updates. This way, you avoid sending out conflicting numbers. Write down your KPI definitions as if you were running a data-driven fund. Investors will trust you more when you can say, “Here is exactly how we define MRR, churn, and active users.” Use a simple CRM like Airtable or Notion to keep track of investor conversations. This becomes the base for your own dealflow system.

If you show investors that you run your company with the same discipline they expect from their portfolio companies, you will stand out right away.



11.10 Using AI to Benchmark Yourself

Before you start these conversations, benchmark your metrics with tools suited to the question you are asking. Private-company platforms such as PitchBook and Specter may help with comparable companies, funding activity, and growth signals, while comps-oriented tools such as Multiples.vc may be more useful for valuation multiples and market benchmarks. Access may be paid or limited, and the data should be

treated as directional rather than definitive. The goal is to understand how your growth rate, CAC payback, team size, and operating structure compare with similar companies at your stage and revenue level.

Even a quick look at public data or using AI tools can give you helpful context. With this information, you can tell your story more clearly. For example, saying "We are in the top quartile for net retention among B2B SaaS startups at our stage" sends a much stronger message than just saying "Our retention is good."

WHAT YOU WILL HAVE IN YOUR HANDS (CHAPTER 11)

- A 14-day Fundraise OS sprint plan with daily deliverables
- An outreach email template built from your canonical description and traction blocks

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B. Tran, *A Founder's Field Guide to Data-Driven Venture Capital*
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12. Beyond Fundraising: Building an AI-Ready Company

Thinking Like the Investors Who Will Fund the Next Decade

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In this chapter, you will learn how to build an AI-ready company from the inside out by focusing on data hygiene, systems, ethics, and shifting your mindset from storytelling to system building. By the end, you will create a 90-day AI-Readiness sprint plan and a starter Data Dictionary.

12.1 AI-Ready Means "Instrumented and Intentional"

An "AI-ready" company does more than just add models to its products. It collects and organizes its own data, uses that data to run the business, can safely share parts of it with partners and investors, and carefully considers the ethics and risks of using AI.

This chapter focuses on helping you build these skills early. That way, when later-stage investors come in with advanced systems, you will be ready and won't have to rush to fix the basics.

12.2 Operational Data Hygiene As Corporate Hygiene

Think of your internal data in layers:

Core company data includes revenue, costs, runway, hiring, and equity.

Product and usage data covers who uses what, how often, and what impact it has.

Customer and go-to-market data includes ICP definitions, pipeline details, and reasons for wins or losses.

Good hygiene looks like consistent definitions (MRR, active user, churn), basic tracking of key events and entities, and periodic review of what you measure and why.

You don't need perfect analytics in year one. You do need non-chaotic basics.

12.3 Designing Your Systems with Future Investors in Mind

When picking tools for CRM, product analytics, billing, HR, or equity management, keep these questions in mind:

> "Will it be easy to get or share the reports we'll need for future reviews?"
>
> "Are we choosing something that will be hard to change or undo later?"

Here are a few principles to follow:

Choose systems that let you easily export clean CSV files or dashboards.

Avoid custom setups or definitions that only one person understands.

Create a simple internal document—a "Data Dictionary"—with key metrics, definitions, and data sources.

This helps your business right away and makes future reviews and portfolio tracking much easier.

12.4 Ethical Use of AI Inside Your Company

As you start using AI in your products and operations, customers, regulators, and investors will ask practical governance questions: What data do you collect, and why? Do you collect only what you need? What is your lawful basis or consent process? Who has access? Which vendors touch the data? How long do you retain it, and how can it be deleted? What is your

incident-response plan? And how do you mitigate bias, harmful outcomes, errors, and explainability risks?

Even if you are just starting out, you can put some simple practices in place:

Create a clear data usage policy that your customers can easily understand.

Restrict access to sensitive data and keep a record of who accesses it.

Set up a simple plan for dealing with problems like data leaks or model failures.

Be clear and honest in your marketing about what your AI can and cannot do.

Investors in later stages will expect to see this kind of maturity. Even early-stage investors will feel more confident knowing you are thinking beyond the hype.

12.5 The Founder Mindset Shift: From Storytelling to System Building

Traditional fundraising is focused on telling a big, compelling story and delivering a charismatic pitch.

Stories are still important. However, today your progress is always visible through dashboards, and your performance is compared to thousands of other companies. You need to approach fundraising like a system builder.

What kind of data moves through your company?

How are decisions made and tracked?

How do feedback loops connect your product, customers, and team?

How does what you say to the outside world match what happens inside your company?

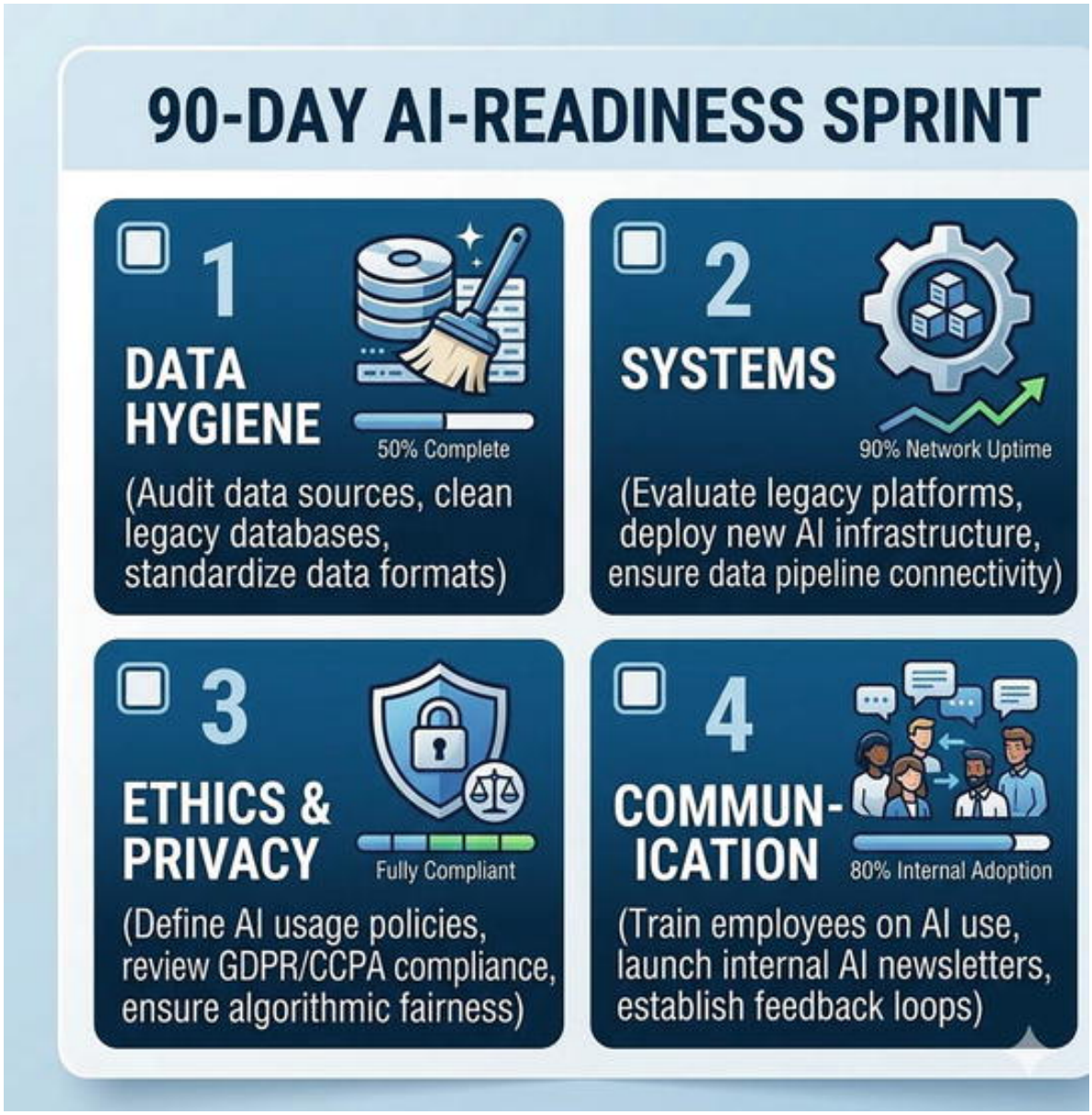
12.6 Founder Playbook: 90-Day AI-Readiness Sprint

For the next 90 days, no matter your fundraising situation, focus on these steps:

Data hygiene: Choose five to seven key metrics. Make sure you define and write down what each one means. Check that you can track and report these metrics every month without issues.
Systems: Pick tools that let you easily access and move your data when needed. Create a basic Data Dictionary and update it regularly.
Ethics and privacy: Write a short internal note explaining what data you collect, why you collect it, and how you keep it safe. Double-check that what you say about your AI to others is accurate.
Communication: Practice explaining your company's story in two ways: as a simple story and as a system diagram showing inputs, processes, and outputs.

Do this mainly to make your company stronger, clearer, and more effective—not just to impress investors.

If you do, by the time sophisticated investors with their own AI stacks show up, you won't be trying to retrofit professionalism. You'll be meeting them as a peer who already runs an instrumented, thoughtful business—one that uses AI as an amplifier of sound decisions, not as a shiny veneer over chaos.



12.7 Data Infrastructure As a Strategic Asset

Take care of your data infrastructure just as you would your product.

Pick tools that have open APIs. Stay away from platforms that make it hard to access your data. You should be able to export clean CSVs or connect to a data warehouse easily.

Write down your Data Dictionary. Even a basic Google Doc with definitions for terms like “active user,” “churn,” and “MRR” will be very helpful when you go through diligence.

Think about how you can automate tasks. Ask yourself, “How can we cut down on manual data entry?” Every hour your team spends copying numbers into spreadsheets is time they could use to build.

12.8 The Future: Autonomous Company Operations

As venture capitalists adopt more autonomous intelligence tools, companies are also starting to use AI to run their operations. You can begin getting ready for this shift now.

Set up systems to spot unusual changes in your own metrics. Even basic tools, like spreadsheet alerts, can help you notice when important KPIs move outside their normal range.

Make automated reports for your team and investors. Doing this helps you stay organized and keeps your updates consistent.

Try using AI assistants to help draft board presentations, summarize customer feedback, or spot risks in your financial reports.

When you go out to raise a Series A or B, investors will look for this kind of preparation. If you start early, you’ll build an advantage over time.

12.9 The Founder’s AI-Ready Company Checklist (Expanded)

Include these items in your ongoing checklist:

Data readiness: Do we keep all our key metrics in one place, and is the data clean and consistent?

Analytics tools: Quickly, without doing manual work, are we able to answer questions such as the following—“How did our net retention trend over the last four quarters?”

Talent: Is there someone responsible for data hygiene, and does the team feel comfortable interpreting metrics?

Platforms: Is it easy for us to extract our data, and do we have open APIs available?

External integration: Have we thought about using external benchmarks, like PitchBook or industry reports, to help shape our

strategy?
Strategic fit: Does our data strategy support our business goals rather than just meet investor requirements?

WHAT YOU WILL HAVE IN YOUR HANDS (CHAPTER 12)

- A 90-day AI-Readiness sprint plan
- A Data Dictionary starter document
- A basic data-use policy draft for your customers

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B. Tran, *A Founder's Field Guide to Data-Driven Venture Capital*
https://doi.org/10.1007/979-8-8688-3246-8_13

13. IP As a Force Multiplier Moat

How Defensible Rights Supercharge Every Other Signal You Emit

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In this chapter, you will learn how intellectual property can boost every part of a VC's scoring model and how to make your IP story clear to both algorithms and partners. By the end, you will create a one-page IP & Moats summary and a 90-day IP readiness plan.

13.1 Why IP Matters More in a Machine-Scored World

Today, intellectual property is much more than a legal detail. It acts as clear, machine-readable proof that sets you apart and can boost nearly every part of an AI-driven VC's scoring model, including Team, Traction, Market, Network, and Fit.

When a fund's systems review your company, they see more than just a smart team working on AI. They notice granted patents in certain areas, pending applications for key processes, exclusive licenses from universities or established companies, trademark and brand assets, and IP rights in important partnerships.

For people, these details might just seem like bullet points on a slide. For machines, they are solid features that can turn a hesitant "maybe" into a clear decision to move forward.

This chapter explains why you should see IP as more than just a box to check. When used well, it can strengthen all your other advantages, especially when evaluated by AI models.

13.2 The Six Classical Startup Moats—and Where IP Fits

Most investors look at defensibility in terms of six common moats: technology, which includes hard-to-replicate algorithms; data, such as unique datasets and feedback loops; product, with deep integrations and switching costs; distribution, through special channels and partnerships; brand, built on trust and reputation; and network, meaning the ecosystem and relationship graph.

IP does not replace these moats; it supports them. Patents can strengthen a technology moat. Trade secrets and exclusive licenses help protect data moats. Copyright and contract rights defend products and integrations. Trademarks make brands stronger. IP clauses in partnerships can secure distribution. A strong IP strategy across your portfolio can reinforce network effects when partners use your platform as a standard.

13.3 How IP Lights Up the VC Scoring Buckets

Let's revisit the five-bucket model from Chapter 4 and see how a clear IP strategy can strengthen each area:

Team: Shows you can capture and protect innovation, especially if the founders already have patents or licensing experience.
Traction: Products supported by IP can command higher prices, lead to longer contracts, and help secure better renewal terms.
Market: Having a group of filings focused on a specific problem shows you are committed for the long term and may help you shape the market.
Network: Sharing IP with important customers, universities, or partners builds trust and can attract more references.

Fit: This approach matches well with deeptech- or thesis-driven investors who want strong, defensible IP.

You don't need a large portfolio. A focused set of rights that clearly supports your main advantage is much easier to understand than a long, unfocused list.

13.4 IP As an Amplifier for Other Moats

Technology + IP: If you don't have formal IP protection, your technology moat may rest on execution—something clever, hard to copy, and embedded in your workflow or data advantage. If you do have patents or potential IP, work with IP counsel before claiming protection, especially in software and AI, where patent eligibility and claim scope are highly fact- and jurisdiction-dependent. With counsel's guidance, identify the specific claims, methods, workflows, data architecture, or implementation details that support a defensible head start—not just a plan to move quickly.

Data + IP: IP can protect your data acquisition and labeling pipelines through trade secrets and contracts. It can also support patents for how you generate and use data and make it clear who owns what versus what is licensed to customers. This helps lower legal risks during due diligence.

Product + IP: In some cases, patents may help protect specific automation flows or decision-making methods, but only within the scope of valid, enforceable claims. Do not assume a patent blocks all copying; enforceability depends on claim scope, jurisdiction, detection, and willingness to enforce. Protect SDKs and APIs with clear licensing terms, and use copyright, design rights, trade dress, and confidentiality practices where appropriate to reduce direct copying of your user experience and implementation.

Distribution + IP: Use license terms to secure exclusivity in specific markets. Make it harder and more expensive for channel partners to switch away from you. IP can also give you more leverage when negotiating co-development deals.

Brand + IP: Trademarks and trade dress enforce the boundary between "we inspired competitors" and "competitors are piggybacking on our credibility." In a crowded AI field, ownable brand assets make your attention signals cleaner.
Network + IP: When you create IP together with enterprise partners, investors, or universities, you make your network part of your moat. These partners now have a real stake in your success. Their names appear on agreements or patent assignments, which show up in both capital and people signals.

13.5 What AI-Enabled Funds Actually See About Your IP

To an AI-driven VC, your intellectual property shows up as patent and application data from public databases, trademark registrations, public exclusive licenses, press release footnotes that mention your contracts, and documents in your data room like IP assignments and invention disclosure summaries.

These details fit into three parts of their system: data ingestion, where IP registries are just another data source; modeling, where patent families and classes become features of your company; and scoring, where IP details are included in Team, Market, and Fit models.

If you don't take action, these systems will still pick up some information, but it might be incomplete, assigned to the wrong person, or outdated. You need to make sure your IP story is accurate, properly assigned, and clearly connected to your business model.

BEFORE/AFTER: ANDRE'S IP STORY
Before, Andre had two provisional patent applications in his own name from his PhD research. But before transferring or commercializing them, he needed to confirm with IP counsel whether his university, sponsor, employer, or grant program had any ownership, assignment, or license rights. His startup's Crunchbase page did not mention any IP, so the fund's model recognized him as a

deeptech founder but did not see confirmed IP linked to the company.

After, Andre transferred both applications to the company, filed a new provisional patent for the commercial workflow, and added a defensibility slide to his pitch deck that connects each filing to a competitive advantage. Now, the fund's model sees company-owned IP in the right patent classes, a technology moat with real protection, and a founder who turns ideas into valuable assets. His Team and Fit scores go up.

13.6 A Practical IP Moat Playbook for Founders

Step 1: Take stock of your real moats. Before you file anything, ask yourself: What makes us hard to copy right now? What will make us hard to copy in the next two to three years if we execute well? List your answers under categories like Technology, Data, Product or Workflow, Distribution, Brand, and Network.

Step 2: Choose what to patent, keep as a trade secret, or cover by contract. Use patents for visible features where sharing details is okay. Use trade secrets for internal processes that are not obvious. Use contracts for things like data rights, joint projects, and exclusivity. Use trademarks for names, logos, and marks that help build trust.

Step 3: Get the basics right before fundraising. Make sure all important IP is owned by the company. Resolve any old contractor IP issues. Make it clear in customer agreements what you own and what is just licensed. Create a short summary of your IP, including what you have, its status, and how it connects to your product.

Step 4: Make your IP easy to understand in your story and data room. Include a slide in your pitch deck that shows how your IP supports your business strengths. In your data room, add a short memo that explains what IP you have, how it connects to your product and market, and what you are still working on.

Step 5: Connect your IP directly to the scoring criteria. When you review your self-scoring from Chapter 4, consider how your IP fits into each of the five areas.

13.7 Founder Playbook: IP As a Force Multiplier (90-Day Plan)

Month 1: Start by reviewing your competitive advantages. Make sure your IP assignments and contracts are in order. Then, create a one-

page summary of your IP and moats.
Month 2: Review your IP strategy with counsel before deciding what to file and when. Some core workflows may justify patent applications; others may be better protected through trade secrets, contracts, defensive publication, or confidentiality controls. If filings make sense, prioritize the few applications most closely tied to your defensible technical advantage. Also strengthen trade-secret processes and update customer and partner templates.
Month 3: Add a slide about defensibility to your pitch deck. Include a short IP memo in your data room. Practice explaining your IP clearly in less than 90 seconds.

When you meet with an AI-focused VC, you want both their models and their partners to see a company with a strong technology and data advantage, a product and distribution story that is hard to disrupt, a brand and network that grow over time, and IP that strengthens everything else.

WHAT YOU WILL HAVE IN YOUR HANDS (CHAPTER 13)

- A one-page IP and Moats summary mapping each right to a moat
- A 90-day IP readiness plan (diagnose, file, communicate)
- A defensibility slide draft for your pitch deck

Appendix: The Founder Toolkit

How to use this appendix. Each tool is linked to a specific chapter. Check these cross-references to understand the purpose before you start using each tool. Go through all the tools in order during your first week, and review them again before important events like a new funding round, product launch, or major hire.

Toolkit at a Glance

#	Tool	Chapter
A	Canonical Company Description	Ch. 1, 3
B	Public Perimeter Audit	Ch. 3
C	Signal Hygiene Checklist	Ch. 3
D	Founder Self-Scoring Grid	Ch. 4
E	High-Signal Reference Map	Ch. 5
F	Quotable Paragraph Bank	Ch. 6
G	Investor CRM Column Scheme	Ch. 5, 9
H	Monthly Investor Update Template	Ch. 9, 11
I	Data Room Readiness Checklist	Ch. 6, 11
J	Red Lines and Scripts Sheet	Ch. 7, 8
K	14-Day Fundraise OS Sprint	All

Tool A: Canonical Company Description

Purpose: A single authoritative source of language about your company. Every public surface—website, LinkedIn, Crunchbase, decks, press releases—should draw from this document.

When to update: After every major milestone (funding close, product launch, pivot, major customer win).

Who owns it: Head of Ops or CEO. One person. One document.

A1. One-Line Summary (≤ 15 words)

[Company name] is a [category] that helps [target customer] [core outcome].
Example: *Acme.ai is an AI workflow copilot that helps B2B SaaS sales teams eliminate repetitive manual steps.*

Your version: _____

A2. One-Paragraph Description (50–80 words)

Cover: What you do, whom you serve, how it works at a high level, and one proof point.

A3. Three- to Five-Bullet Version

Use this on decks, email signatures, and press bios.

- **Product:** _____
- **Customer:** _____
- **Traction:** _____
- **Team:** _____
- **Vision:** _____

A4. Standard Funding Language

Pick exact phrasing and use it everywhere, forever.

Field	Your canonical text
Total raised to date	
Last round (stage, size, date)	
Lead investor(s)	
Notable angels or strategics	
Current stage	

A5. Category Tags (for database classification)

List three to five tags: for example, "AI/ML," "B2B SaaS," "Workflow Automation," and "Developer Tools."

Tool B: Public Perimeter Audit

Purpose: A map of every outward-facing surface that carries data about your company, plus a health check for consistency.

Run this: Once now, then quarterly, and after every major milestone.

B1. Surface Inventory

Surface	URL/handle	Last updated	Owner
Main website			
LinkedIn—company page			
LinkedIn—founder(s)			
Crunchbase			
PitchBook			
AngelList/Wellfound			
GitHub/public repos			
App store listing(s)			
Press releases/PR			
Accelerator/program			
Other:			

B2. Consistency Check

For each surface, compare answers to Tool A. Flag mismatches.

Surface	What we do	Funding history	Team and roles	Metrics	Issues found
Website					
LinkedIn Co.					
Crunchbase					
AngelList					
App Store					

Priority fixes (three to five highest-impact corrections):

B3. Update Cadence Calendar

Trigger	Surfaces to update	Person responsible
Quarterly sweep	All	
New funding close	All	

Trigger	Surfaces to update	Person responsible
Major product launch	Website, LinkedIn, App Store	
Key hire (C-level)	LinkedIn, Crunchbase	
Major customer win	Website, LinkedIn	
Pivot or rebrand	All—priority audit	

Tool C: Signal Hygiene Checklist

Purpose: A fast recurring health check. Run before any fundraising outreach and quarterly thereafter.

Scoring: Check every box you can honestly tick. Aim for 12/16 before you start a round.

Core Facts (must pass all five)

We use the same description of our work on our website, LinkedIn, Crunchbase, and in our decks.

Our funding history, including amounts, dates, and investors, matches across all platforms.

The roles and titles on our team page match those on our LinkedIn profiles.

We do not have any conflicting categories, such as calling ourselves a “devtool” in one place and a “consumer app” in another.

We have updated or removed any old press or profile pages that no longer reflect our current stage.

Progress Signals (aim for all four)

In the past 90 days, we shared at least one public update, such as a LinkedIn post, changelog, or blog, that included real and verifiable numbers.

Our hiring activity on LinkedIn or job boards matches our current priorities.

Our app store or marketplace listing, if we have one, is up-to-date, and we have responded to recent reviews.

Our GitHub or open-source projects, if any, have recent and meaningful commits.

Noise Avoidance (must pass all five)

We have not changed our brand or category description in the past 90 days unless we clearly explained why.

We announce partnerships or integrations only when we can show real follow-through.

We avoid using big titles like VP or Head of X for teams smaller than six, so our org structure stays clear.

We do not share public metrics that do not match what's in our internal data room.

We do not seek press coverage that goes beyond our actual progress with users, revenue, or retention.

Canonical Control (must pass both)

- Tool A (Canonical Company Description) exists as a written document and is less than 90 days old.
- One named person owns the "public perimeter" update process.

Score: ___ / 16 **Date:** _____ **Next review:** _____

Tool D: Founder Self-Scoring Grid

See also the full interactive Excel worksheet (separate download) for automatic calculations and outsider scoring.

Purpose: Evaluate your startup like an AI-powered VC would, focusing on the five areas that matter most. Spot any gaps, then turn them into milestones you can reach in the next 6–12 months.

Run this: Before you start, ask two people you trust to score you separately; then compare their feedback.

Scoring Rubric

Score	Meaning
5	Undeniably strong; clear proof; model-visible evidence
4	Solid; mostly visible; minor gaps
3	Present but incomplete or inconsistent

Score	Meaning
2	Weak; limited evidence; likely a flag in a model
1	Missing or contradicted by public data

Team (max 20 points)

Subdimension	Score (1–5)	Evidence you would cite	Gap/next milestone
Domain expertise relevant to the problem			
Prior startup or execution track record			
Technical depth on the core technology			
Complementary co-founder coverage			
Team total	**/20**		

Traction (max 20 points)

Subdimension	Score (1–5)	Evidence	Gap/milestone
Revenue or equivalent usage metric			
Growth rate (MoM or QoQ)			
Retention or engagement signal			
Customer quality/logo depth			
Traction total	**/20**		

Market (max 20 points)

Subdimension	Score (1–5)	Evidence	Gap/milestone
Market size (TAM clarity and defensibility)			
Timing/why-now narrative			
Competitive differentiation			
Regulatory or moat factors			
Market total	**/20**		

Network (max 20 points)

Subdimension	Score (1–5)	Evidence	Gap/milestone
Quality of investors already on cap table			
Warm paths to target VCs (second-degree or closer)			
Advisor/board credibility			
Reference quality (who will vouch, how specifically)			
Network total	**/20**		

Fit to Target Funds (max 20 points)

Subdimension	Score (1–5)	Evidence	Gap/milestone
Stage alignment (their check size = your need)			
Sector/thesis alignment			
Geography alignment			
Business model alignment (SaaS, marketplace, infra, etc.)			
Fit total	**/20**		

Composite Score

Bucket	Your score	Outsider A	Outsider B	Average
Team	/20	/20	/20	
Traction	/20	/20	/20	
Market	/20	/20	/20	
Network	/20	/20	/20	
Fit	/20	/20	/20	
Total	**/100**	**/100**	**/100**	

Biggest gap bucket: _____
12-month milestone to address it: _____

Tool E: High-Signal Reference Map

Purpose: Make a list of 10–15 people who can speak up for you when reaching out to target funds. Note what specific, credible things each person can say, and have a plan to stay in touch with them.

Rule: A reference is considered "high-signal" only if the person knows a partner at the target fund well and can talk specifically about how you get things done, not just about your character.

E1. Reference Roster

Name	Relationship to you	Target fund connection	What they can specifically say	Last contact	Next touch
(add rows as needed)					

E2. Reference Briefing Template

Before any reference takes a call on your behalf, send them a short brief:

Subject: Quick update before you speak with [Fund Name]

Hey [Name] —

Thank you again for agreeing to speak with [Fund/Partner Name]. Here's a quick update with the latest numbers to help you prepare:

[Two or three bullet points with key metrics, milestones, and any recent updates]

Feel free to share anything else from our work together. I trust your judgment.

Thank you.

— [Your name]

Tool F: Quotable Paragraph Bank

Purpose: Have pre-written, quotable answers to the six questions that appear in every VC's AI-generated memo. When you answer consistently, your narrative survives summarization.

Rule: Keep each answer between two and four sentences. Make sure to include at least one specific number. Try to answer as if you are speaking, not writing an essay.

F1. What We Do
[Two to four sentences, one concrete metric, no jargon]

F2. The Problem We Solve
[What breaks today, whom it hurts, how badly]

F3. Why Now
[What has changed in the last 12–24 months to make this possible/urgent]

F4. Our Traction
[Your three strongest numbers, clearly defined]

F5. Our Biggest Risk
[Name the real one. VCs prefer honest risk-framing to evasion.]

F6. Why We Win
[Specific, defensible differentiation. Not "we're better." How are you better exactly?]

Tool G: Investor CRM Column Scheme

Purpose: Use a minimal but complete tracking scheme for your outreach process. Use any CRM or a simple spreadsheet.

G1. Columns

Column	Description	Example
Fund name	Firm name	Benchmark, Headline
Partner name	Specific partner you're targeting	Jane Smith
Stage/archetype	AI-native/hybrid/legacy	AI-native
Check size range	Their typical seed or Series A	$1M–$5M

Column	Description	Example
Thesis match score	1–5, your self-assessed fit	4
How we're connected	Direct/first degree/second degree/cold	Second degree via [Name]
Intro source	Who can introduce you	[Reference name]
Status	Not contacted/intro sent/first call/partner meeting/diligence/pass/closed	First call
Last contact date	Date of last touchpoint	2026-03-15
Next action	What happens next and when	Send metrics brief by 3/22
Notes	Key things they said; concerns raised	"Wants to see six more months of retention data"
Data shared	What you've sent them	Deck, one-pager
Red lines triggered?	Any flags on terms or data requests	No

G2. Fund Classification Labels

Label	What it means for your process
AI-native	Send structured, data-rich updates. Expect fast, systematic responses. Prepare for detailed data room requests early
Hybrid	Mix of relationship and data. More variability by partner. Prioritize warm intros
Legacy	Relationship-first. Slower cadence. Focus on storytelling and in person. Less data expected upfront

Tool H: Monthly Investor Update Template

Purpose: Use a standard monthly or quarterly update that matches the way AI-enabled VCs collect portfolio data. Keeping the format consistent makes it easier for both people and machines to read.

H1. Template

[Company Name] – [Month/Quarter] Update

Sent: [Date] | Round: [Stage] | Next raise target: [Date/TBD]

Headline (one sentence):
[The single most important thing that happened this period.]

Key Metrics

Metric	This period	Last period	Change
[MRR/ARR]			
[Active users/teams]			
[Retention/churn proxy]			
[Growth rate MoM/QoQ]			
[Headcount]			

Definitions: [Define each metric once here. Keep the same definition every month.]

Top Three Wins
1.
2.
3.

Top Three Challenges
1.
2.
3.

What We Need (optional)

Runway
Current runway: [X months at current burn]
Next raise: [Target date/milestone trigger]
Reply to this email or book time: [Cal link]

Tool I: Data Room Readiness Checklist

Purpose: Know exactly what you'll share and when. Organize in tiers to protect sensitive data while demonstrating seriousness.

I1. Tier 1: Available at First Meeting
Create a one-page metrics brief using Tool F. Present your traction answers in a table.

Prepare a pitch deck with 12–15 slides.

Write your company's main description, using Tool A.

Include short biographies for each team member.

I2. Tier 2: Available Post-First Call (Qualified Interest)
Create a detailed financial model showing revenue, burn rate, and runway.

Prepare a product demo, either live or recorded.

Include key customer references, with two or three contacts who have agreed to be reached.

Write cap table summary (not detailed, just round history).

I3. Tier 3: Available Under Term Sheet or LOI Only
Create a complete cap table showing ownership percentages.

Include legal documents such as incorporation papers, IP assignments, and NDAs.

Include customer contracts along with pricing details.

Prepare detailed user or revenue data with personal information removed.

Provide documentation of the technical architecture.

Present copies of employment agreements.

I4. Red Lines: Never Share Without Counsel Review
Create a complete customer list that includes any information that could identify individuals.

Provide any source code or unique algorithms that belong to the company.

Include any information that could give a competitive advantage to a fund with rival portfolio companies.

Tool J: Red Lines and Scripts Sheet

Purpose: Figure out your non-negotiables ahead of time, before you are in the middle of a real deal. Write out what you want to say so you feel ready and don't get stuck.

J1. Red Lines (fill in before you start your round)

Category	Our red line	Rationale
Data access	We will not give live dashboard access before [milestone/stage]	
Term sheet speed	We will not accept "sign by tomorrow" pressure without [X days]	
Pro rata rights	Our position on pro rata for lead vs. follow-on	
Board seats	We will/will not give a board seat at this stage	
Information rights	We will provide [monthly/quarterly] updates but not [X]	
Anti-dilution	Our position on full ratchet vs. weighted average	
Down-round protection		
Other:		

J2. Response Scripts

When a VC asks for live data access before term sheet:

"We're happy to share a detailed metrics brief and a curated data room at this stage. Our policy is to provide live system access to all investors only after closing, as this is an important trust and security standard for us. If you have any specific questions, I'm happy to walk you through them on a call."

When a VC applies speed pressure ("need to know by Friday"):

"I appreciate the urgency. We're carefully considering whom to include in this round, and I want to give you a clear answer. I'll need [X] days to make sure our process is fair. Can we set [date] as a decision point for both of us?"

When a VC asks for more data than you're ready to share:

“That’s a fair request, and we’ll make that available in our Tier 3 data room. We release access in stages to protect competitive information, so I would like us to reach [milestone in process] before opening it. Does that fit your timeline?”

When you receive a term sheet with concerning terms:
“Thank you. We’re genuinely excited about the possibility of working together. There are a few items in the term sheet I’d like to discuss openly before we move forward. Could we set up a 30-minute call with [partner] to go over these?”

Tool K: Fourteen-Day Fundraise OS Sprint

Purpose: Here’s a clear, step-by-step plan to help you move from just considering fundraising to actually running a structured process. Make sure to follow these steps before reaching out to any VCs.

Days 1–2: Clean Your Footprint
Complete Tool B (Public Perimeter Audit).
Complete Tool C (Signal Hygiene Checklist).
Fix top five priority inconsistencies identified.
Write or update Tool A (Canonical Company Description).
Write or update Tool F (Quotable Paragraph Bank).
Deliverable: Clean public perimeter + canonical language doc

Day 3: Self-Score Like a VC
Complete Tool D (Self-Scoring Grid) yourself.
Share Tool D with two people you trust and ask each of them to score you on their own.
Compare scores; note biggest gaps.
List three to five specific milestones you want to achieve in your lowest-scoring areas over the next 6–12 months.
Deliverable: Completed self-score with outsider perspectives + gap milestones

Day 4: Design Your Investor Updates and Data Room

Draft Tool H (Monthly Update Template) with actual current data filled in.

Complete Tool I (Data Room Readiness Checklist).

Create your Tier 1, 2, and 3 folders in a shared drive.

Write your one-page metrics brief, using Tool F traction answers.

Deliverable: Live data room (at least Tier 1 and 2) + first investor update draft

Day 5: Map and Prioritize Funds

Set up Tool G (Investor CRM) in your tool of choice.

Identify 30–50 target funds; classify as AI-native/hybrid/legacy.

Score each for thesis fit (1–5), using your self-scoring context.

Shortlist top 15–20; prioritize by fit score × connection strength.

Identify 5–8 "dream" targets and 5–8 "high-probability" targets.

Deliverable: Prioritized target fund list with CRM entries + intro sources mapped

Days 6–7: Define Red Lines and Scripts

Complete Tool J (Red Lines and Scripts Sheet).

Brief any co-founders on your shared red lines—alignment is critical.

Decide your round timeline (open, close target, milestones that would change it).

Draft your outreach email template, using your Tool A one-liner and Tool F traction block.

Deliverable: Agreed red lines doc + outreach email template ready to send

Days 8–10: Activate Your Network

Complete Tool E (High-Signal Reference Map).

Send briefing emails to your top five to eight references.

Ask each reference for a specific intro to a target fund (not "let me know if you can help"—specific fund + partner)

Schedule two to three informal calls with friendly VCs for practice and feedback (before your live targets).

Deliverable: Warm intro pipeline open; two to three practice calls booked

Days 11–12: First Meetings Prep

Look up each target fund's recent investments, their portfolio companies, and what areas their partners focus on.

Come up with three questions to ask each fund. For example, you might ask, "How do you use data and AI internally in your process?"

Practice your Tool F answers out loud until they sound natural, not like you're reading from a script.

Do a full mock pitch with someone who will challenge you and give honest feedback.

Deliverable: Fund-specific prep notes + polished verbal answers

Days 13–14: Launch

Start by sending intro requests to your references, aiming for five to seven at a time so you can manage responses easily.

Set up your first three to five meetings with your top targets.

Create a weekly routine where you update your CRM, send updates to investors, and follow up with warm leads.

Plan a check-in for Day 30 to review the Signal Hygiene Checklist again and make any needed adjustments.

Deliverable: Active process open; CRM live; rhythm established

All tools are meant to be used in steps. The first try will probably be rough, and that is expected. The aim is to build a system you can improve over time, not to create something perfect right away.

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Type	Stack and culture	Founder experience (typical)
AI-native	Engineers on staff, deep internal tools, heavy dashboards	Fast responses, structured asks, clear but "system-heavy" process
Hybrid	Some third-party tools, partial scoring	Mix of gut and data, more variability by partner
Legacy/lightweight	Minimal tech, mostly human-driven	Relationship-centric, slower, less predictable

Level	Description	What it means for you
1. Predefined reports	Out-of-the-box templates, quick but inflexible	They may rely heavily on standard forms; consistency helps
2. Spreadsheet + central DB	Data lives in a central system, pulled into spreadsheets for customization	They have a reliable source of truth but still do manual work; clean exports are gold
3. Data warehouse + BI tools	Dedicated data infrastructure with real-time dashboards	They can slice and dice data instantly; they will expect structured, machine-readable updates

Archetype	How they work internally	Founder experience (typical)
AI-native	In-house engineering; deep internal tools and models	Fast, structured, data-heavy, more process-visible
Hybrid	Mix of off-the-shelf tools and partial internal build	Variable by partner; some data-driven, some old school
Legacy/light	Minimal internal tooling; mostly human-driven	Relationship-centric, slower, less transparent

Metric	Why it matters
Revenue (ARR/MRR)	Primary indicator of market traction and growth pace
EBITDA/gross margin	Operational efficiency and business model viability
Headcount	Burn driver and scaling signal; should grow with revenue
Cash burn and runway	Financial health and fundraising timeline
Cash balance	Liquidity buffer for expenses and opportunities

Early stage	Growth stage	Later stage
Activation rate	Payback period	Rule of 40
Customer acquisition cost (CAC)	Sales efficiency	Net profit margin
User growth rate	Customer retention rate	EBITDA trends