



Evaluating Technology Startups

Or How to Spot a Lemon

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About Me

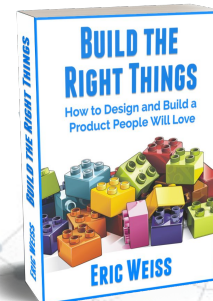
I'm Eric Weiss

- Former CTO of Rock My World
- Fractional CTO & Startup Advisor
- Product Development Consultant
- Author of Build the Right Things

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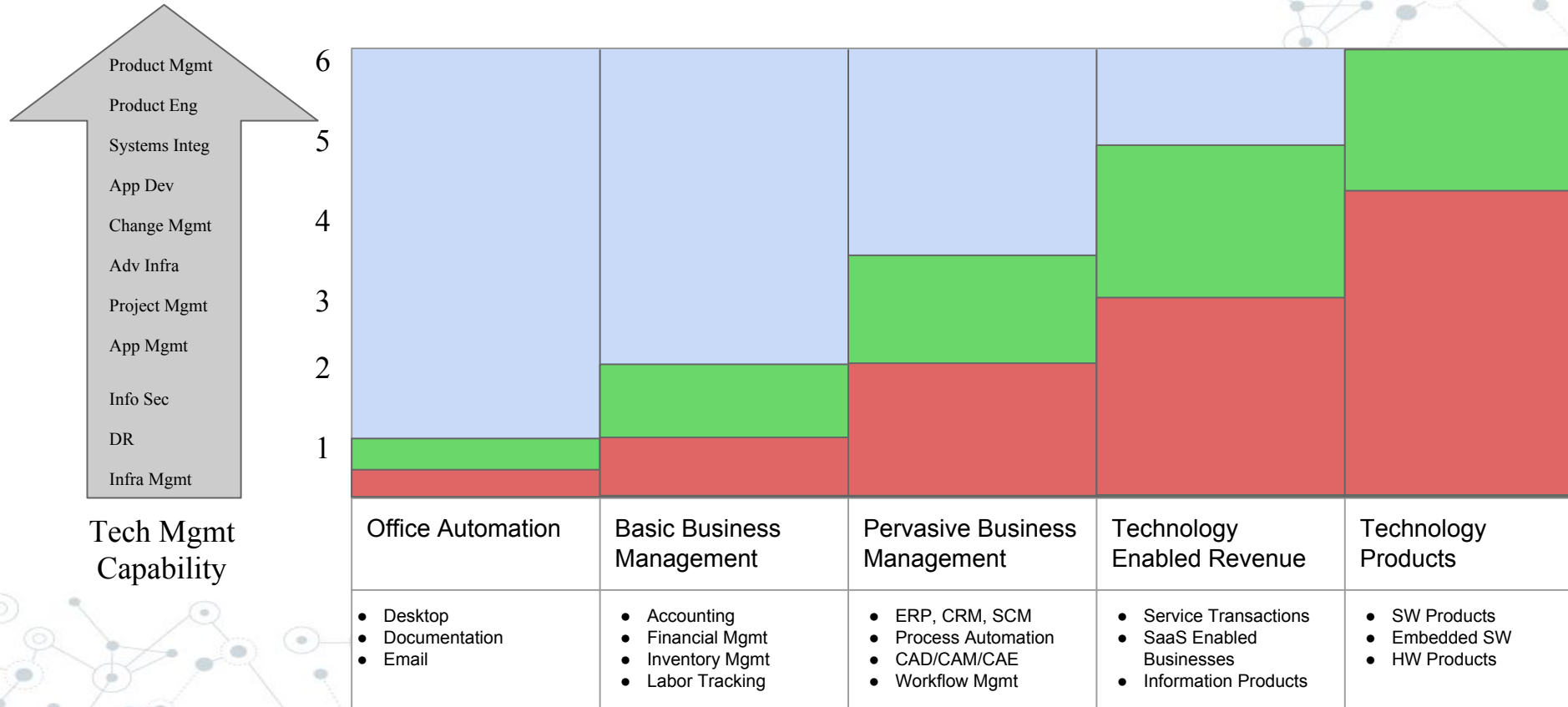
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Why Due Diligence

- ◎ Evaluate technical risks to the investment and cost to mitigate
- ◎ Find opportunities for growth post-investment
- ◎ Right skills on the team
- ◎ Product/process/infrastructure scalability
- ◎ Legal liability
- ◎ Track record of execution

PE Due Diligence Scorecard Model



People & Organization

- ◎ Right people on the bus and in the right seats?
- ◎ Key players?
- ◎ Critical gaps to inhibit growth targets?
- ◎ Opportunities for reduction?
- ◎ **Red Flags:**
 - No technical co-founder, or an advisor listed as CTO
 - Outsourced dev team with no internal tech leadership
 - Development changed hands multiple times
 - Too many or too few senior/junior engineers
 - Too many or too few managers, PMs, or designers
 - Lack of professional development

Product Strategy and Product Portfolio

- ◎ Product strategy aligned with growth objectives?
- ◎ Competitive advantages and differentiation?
- ◎ How does the company determine business value of features and prioritize roadmap?
- ◎ **Red Flags:**
 - Lack of product roadmap activity/revisions
 - Lack of objective prioritization of features
 - Lack of data collection and analytics
 - Lack of customer feedback loops

Product Function and Quality

- ◎ Obvious performance or stability problems?
- ◎ Does the product accomplish users' goals effectively?
- ◎ **Red Flags:**
 - Large number of CS complaints or open bugs
 - Lack of test cases and automations
 - Lack of user-experience artifacts (personas, journey maps, user-flow diagrams)
 - Lack of usability testing reports

Architecture & Code

- ◎ Will architecture support growth?
- ◎ Legacy components?
- ◎ 3rd-party or open source liability?
- ◎ Is code clean, modular, readable, well-documented, maintainable, and reliant on frameworks?
- ◎ **Red Flags:**
 - “Frankenstack”
 - No documented coding standards or code reviews
 - No software or database architecture diagrams
 - Lack of or improper use of frameworks
 - 3rd-party/open source license incompliance

Processes, Practices and Tools

- ◎ Efficient, consistent delivery?
- ◎ Scalable processes?
- ◎ Tool enablement?
- ◎ **Red Flags:**
 - Lack of development methodology
 - Volatile sprint velocity (or lack thereof)
 - Large monolithic releases
 - Lack of clearly documented processes
 - Lack of tools to automate manual tasks

IT/Operations/DevOps

- ◎ Is platform maintainable at scale?
- ◎ Business continuity / Disaster Recovery plan?
- ◎ Security policy and procedures?
- ◎ Reasonable expenses as % of revenue (OER)?
- ◎ Automated testing and deployment?
- ◎ **Red Flags:**
 - No CI/CD implementation
 - Lack of cloud operating model (containers, serverless, etc.)
 - No run books or operating manuals

Product Support

- ◎ Customer support model?
- ◎ Volume/Type/Severity of CS issues?
- ◎ How many escalations to dev team?
- ◎ % of time devs spend in ops mode?
- ◎ **Red Flags:**
 - Dev team in “fire-fighting” mode
 - Known bugs in production
 - Lack of monitoring and alerting



Thanks!

Please connect with me!

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A decorative network diagram in the top-left corner, featuring a complex web of interconnected nodes and lines. The nodes are represented by small circles, some of which are shaded in light blue, and the lines are thin and grey. The diagram is partially cut off by the top and left edges of the slide.

Backup Slides

A decorative network diagram in the bottom-right corner, similar to the one in the top-left. It shows a cluster of nodes and connecting lines, with some nodes highlighted in light blue. The diagram is also partially cut off by the bottom and right edges of the slide.

Request in Advance (The Repo)

- Architecture diagrams
- Tech stack, frameworks, and automations
- Org chart, roles & responsibilities
- Technology budget and actuals
- 3rd-Party Audits (Pen-test, PCI/HIPAA/ISO certs, etc.)
- 3rd-Party licensed and open source SW inventory
- Current and historical tech and product roadmaps
- Infrastructure inventory, security policy, disaster recovery plan
- Historical technology failures and security breaches
- Software development and delivery process
- Coding standards and style guides