



Swipe to know

# Essential Terms You Need to Know

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Startup Ecosystem Edition

01.



## Product–Market Fit

The degree to which a product satisfies strong market demand.

**Example:** *zomato* found product–market fit by providing a platform for restaurant discovery and food delivery.



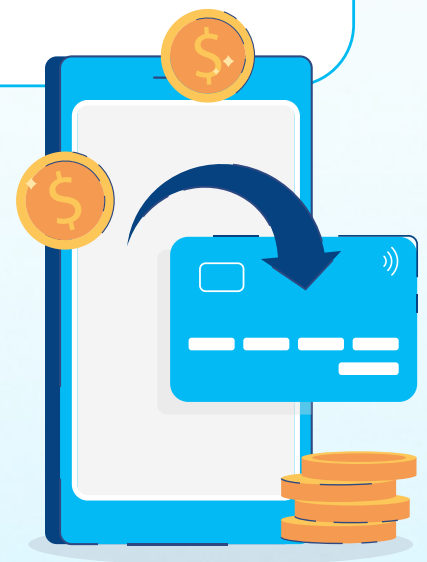
02.



## Minimum Viable Product (MVP)

The simplest version of a product that can be released to test a new business idea and gauge consumer interest.

**Example:** **paytm** from wallet recharge to digital wallet and financial services.




03.



## Go-To-Market Strategy

A plan (including sales, marketing and distribution strategies) for how a company sells its products to customers.

**Example:**  **Uber** used aggressive marketing and deep discounts to drivers to penetrate the ride hailing market.



04.



## Customer Acquisition Cost (CAC)

The total cost incurred by a company to acquire new customers (includes marketing and sales efforts).

### Did you know?

CAC = total acquisition cost/number of new customers.



05.



## Lifetime Value (LTV)

The total revenue a business can expect from a single customer account over the entirety of their relationship with the company.

Example: **SWIGGY one**



06.



## Freemium Model

A business model where basic services are provided free of charge, while more advanced features or functionalities are available for a fee.

**Example:** [LinkedIn](#) v/s LinkedIn Premium Model




07.



## Runway

The length of time a company can continue operating before it needs additional funding, calculated based on its current cash reserves and burn rate.

**Example:** If  **BYJU'S** has ₹200 crore in cash reserves and is burning ₹50 crore monthly, its runway is 4 months, i.e, it can sustain operations for 4 months without new funding.





08.



## Burn Rate

The rate at which a company expends its cash reserves or venture capital to cover operating expenses prior to achieving positive cash flow.

**Fact:** In 2018, **wework** due to its high burn rate lost \$1.6 billion, despite generating \$1.8 billion in revenue,



# 09.



## Funding Raising

The process of securing financial investments from investors to support and expand business operations.

**Example:** **zepto** has raised over \$1.35 billion in just 2024 alone from multiple investors, bringing the company's valuation to \$5 billion.




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