



Stanford eCorner

Relationship Between Product and Funding

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Video URL: <http://ecorner.stanford.edu/videos/3137/Relationship-Between-Product-and-Funding>

Pulse Co-Founders Akshay Kothari and Ankit Gupta discuss how a focus on building a quality product can provide major advantages when it comes to securing funding to run a business. Gupta also identifies the operational benefits inherent in this approach.



Transcript

First was - I think Ankit and I built Pulse and we said, okay, we're going to push this out for free. That was the first thing that I think most people think, like oh yeah, it's the value, push things for free you get lots of users. But we had a professor, Michael Dearing, who said why are you giving such a beautiful product for free and I think we were thinking, well, this looks really ugly, nobody is going to buy this. But he said no, I think you should ask people. So we actually went out to cafes and asked them, how much would they actually pay for it. We got people actually saying that they would actually pay \$3 to \$5. So the first version of Pulse actually had a \$4 price tag which was awesome because suddenly we - I think in the first six months we sold about a quarter million of these copies, so that was our first million dollars where we did not have to actually ask investors for money. And then we had enough traction and we were ready to kind of expand beyond that, where investors were actually asking us whether they could invest. So it's a very enviable position and I think we got really lucky, we got really fortunate with Pulse. But in general I think - we can talk offline in terms of exact dynamics that you should think about if you are going out fundraising in terms of what are some of the things that work, do not work.

But if you stay focused on product hopefully like people will notice that. And in today's world actually you don't need that much money to start things, unless you're actually building satellites, which I know a couple of weeks ago somebody spoke about that. But I think with a lot of consumer startups you don't need that much money. So I think start something out there, push it out there, see if that has wheels before you actually really think about raising money. Yeah, and the other thing that I would add to that was it was very good when we did fundraising because Akshay was more focused on that whereas I was still focused on the product. And usually it's the case that when you're fundraising your product suffers. And if you let that happen then it impacts your fundraising negatively also. So it's always very important to keep the product going however you can while you're in fundraising.