Founder & Investor Connection Web Application

Amogh Ranavade[1], Siddhi Chaudhari[2], Ria Patole[3], Ved Thakur[4], Prof. Dhanashri Dhavale[5]

[1,2,3,4]*Student, Department of Computer Engineering, Terna Engineering College, Navi Mumbai*
[5]*Assistant Professor, Department of Computer Engineering, Terna Engineering College, Navi Mumbai*

---***---

Abstract - Startups have a remarkable ability to generate and innovate new concepts, positioning them as highly efficient engines of creativity. The Indian startup ecosystem has experienced significant growth, largely driven by private investments such as seed, angel, venture capital, and private equity funds. Incubators, investors, and the government have also provided valuable technical assistance to support this expansion. However, not all startups have the opportunity to present their ideas in such a wide ecosystem of investors. Sometimes the reach of the founders is not that good, or the startup is in its early phase which makes them prone to be ignored by the investors as the risk is high. Such a startup might be valuable but doesn't have the attention of top tier investors due to the lack of reach. This paper discusses how through an online platform, a tier 3 startup at its early stage can present ideas and increase their reach and make connections with the various esteemed investors.

Key Words - *Founders, Funding, Growth, Investment, Incubators, Investors, Startups, Tier-3 Startup.*

1. INTRODUCTION

Online investing came into picture in about 1994. Within a span of five years, e-brokerages managed to draw in 12 million investors, and the cycle went on [1]. Coming to 2022, the number is far more than what it was in its initial years. India has an estimated 26,000 startups, making it the third-largest startup ecosystem in the world, recording consolidated inflows of over $36 billion in the past 3 years with the startups valued over $1 billion. Supporting local innovative startups can lead to the development of new companies, expansion of existing product ideas, and the creation of new jobs or patents. This, in turn, can strengthen the overall economic system. It is worth noting that startups are particularly effective in generating and innovating new ideas, which makes them valuable contributors to the economy [2]. To sustain their operations, startups require funds which can be raised through various means such as personal funds of entrepreneurs or founders, financial assistance from family and friends, loans from banks, investment from business angels, venture capitalists, or crowdfunding. Business angels can also serve as an intermediary in bridging the gap between initial startup financing and venture capital financing by providing early-stage funding. Venture capitalists are another source of funding. The process of funding has remained constant throughout the initial beginnings of startups. From an investor's perspective, the only change is the means of interaction, which has now shifted to web-based platforms.

2. LITERATURE SURVEY

Angel investing applications have emerged as a novel approach to connect startups with individual investors. This literature survey aims to provide an overview of the existing literature on angel investing applications and identify the opportunities and challenges of these platforms.

The research looks at the key characteristics and trends in angel investing in India, such as the size and nature of investments, the sectors and stages of startups that are most appealing to angel investors, and the geographic distribution of investments. The study also investigates angel investors' motivations and strategies, as well as the challenges they face in making successful investments [5].

Modern investment ventures with narrow focus cannot adhere to traditional business strategies and funding methods, as this would require extensive time, high startup costs, and complex financial calculations. The assessment of a start-up's financial prospects is particularly challenging, making investment decisions difficult. At the initial stage of seeking financial investments, startup initiators often have only an idea, with no promising model, prototype or any concrete form in which to present their startup concept.

Web based platforms provide an opportunity to showcase one's ideas and also at the same time investors can invest their

money in potential start-ups as per their convenience. This completely eliminates the hustle and bustle of finding the right person to invest and the right start-up idea as well. Despite the poor financial situation in the world, seed funding for start-ups is believed to be more likely to survive than not. Specializations such as business IT development and software testing are growing rapidly and offer a bright future for many startups. For example, Headspin, a startup founded as a startup that allows developers to test and evaluate their apps in real time, is currently valued at $1.16 billion and is considered a "unicorn" by business participants [3].

The Death Valley curve refers to the phase in a start-up's existence when it has commenced its operations but has not yet started generating revenue. Venture capitalists (VCs) often use this term, which is derived from the shape of a graph illustrating a start-up's cash flow burn. The study takes a retrospective look at the elements that impact business angels' investment and reinvestment decisions, with a particular emphasis on the significance of trust in sustaining these relationships over time.

The paper emphasizes the necessity of trust in developing and maintaining connections between business angels and startups, as well as the importance of constant communication and collaboration in overcoming the problems of the "Valley of Death." The findings of the study have ramifications for both business angels and startups looking to navigate the funding market and form effective, long-term partnerships. [4]. When it comes to VC transactions, both the VC and the entrepreneur are important parties, and selection effects can apply to both sides of the market. The main issue is that there is usually only data available for those entrepreneurs who successfully secured VC financing, and the data for those who didn't is often missing. Additionally, there could be differences in characteristics between both parties that are not observed and might impact the matching of entrepreneurs with VCs. [6].

3. OBJECTIVES

i)   The goal of our platform is to bridge the gap between the new generation of investors and founders, by providing a user-friendly interface that enables them to launch and scale their startups effectively. Our aim is to offer feasible investment opportunities for startups in their early phases, by connecting them with investors who share their vision and can help them grow their business.

ii) We are committed to helping startups find the right investors and vice versa, by matching them with their ideal target prospects. Our platform connects startups with investors who have a genuine interest in their industry and are looking to invest in innovative and promising ideas.

iii) Our ultimate goal is to create a supportive ecosystem for startups and investors, where they can collaborate and exchange ideas, resources, and expertise. By expanding our platform and services, we hope to foster a culture of innovation and entrepreneurship, and empower the next generation of startups to succeed in today's dynamic and competitive market.

4. IMPLEMENTATION

React JS serves as the main front-end technology for our project. An open-source JavaScript package called React JS makes it possible to create dynamic user interfaces. It offers a fluid and responsive user experience thanks to its virtual DOM and one-way data binding capabilities, which enable quick rendering and seamless updates. Additionally, React JS offers a sizable and helpful community, thorough documentation, and a broad array of third-party libraries and tools that can drastically cut down on the time and effort required for development.

Additionally, Google's Firebase, a platform for building mobile and online applications, is used to implement the database for our project. A real-time database, authentication, hosting, storage, and other features provided by Firebase make it easier to create scalable and reliable web apps. Our project can conveniently store and synchronize data using Firebase. Furthermore, Firebase offers easy integration with other Google services and platforms, making it a valuable tool for building complex web applications. Overall, React JS and Firebase combine to form a powerful and flexible technology stack that enables us to build a high-quality web application that meets the needs of our users.
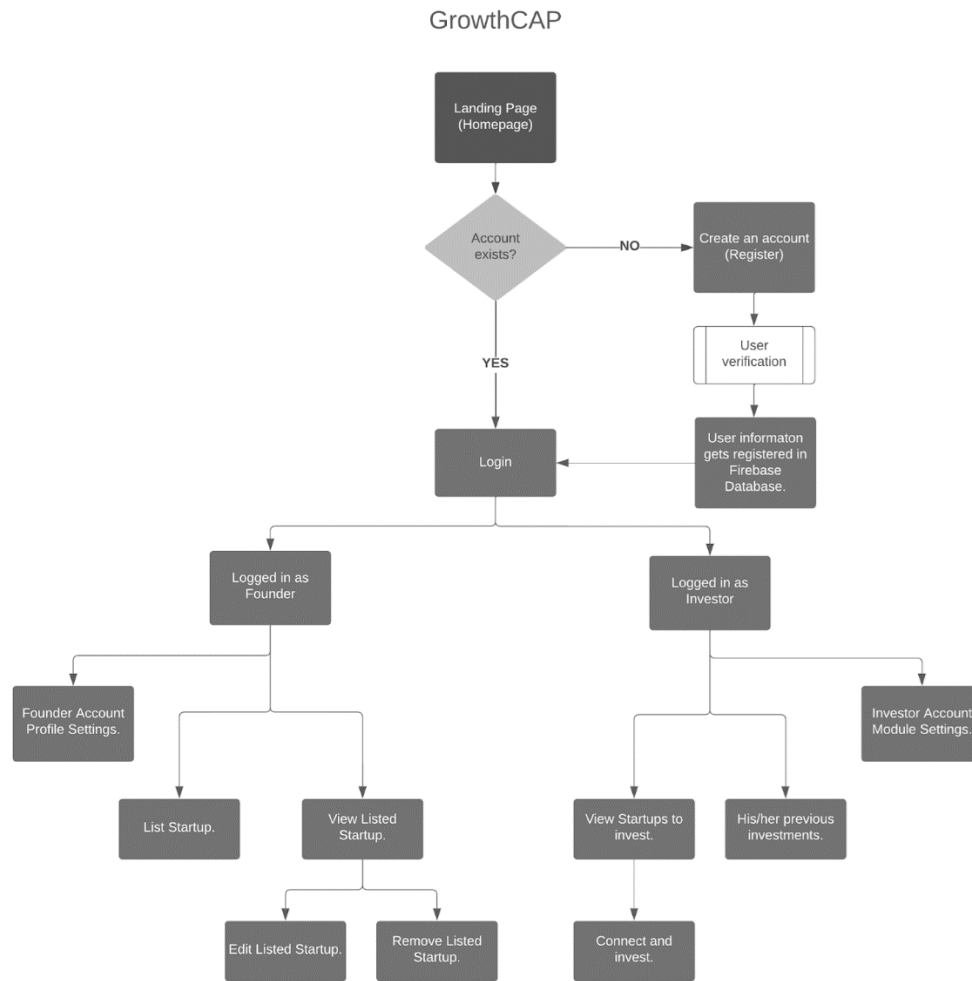
Fig.1. Website Flowchart

The proposed project is a website which would contain two login portals, one for investors and another one for startup founders. Before registering to GrowthCAP, the user would get verified by their identity. Only verified users will be able to post startup ideas or invest in the startups.

After logging in as founder, he/she will be able to list his/her startup idea along with all the details such as number of members in the startup, their respective designation & share, any previous investments with their share, the equity available for current investors, the equity that they are willing to give along with the investment amount, and the patent of the startup idea or any similar license.

Once the founder has listed their startup, all the investors would be able to see this posted startup in their browse section. The browse section for investors will show all the desired startups that they want to invest in and can choose from them and can see all the details of the startup mentioned by the founder. If the investor likes the idea, he/she can connect with the founder and discuss the further process of investment.

Similarly, a founder can connect with an investor of their choice and ask them to review their idea. Apart from this, the founder can see the startup they have listed and can make changes in the details. Also, the founder can view previous startups (if any) that they had listed. The founder setting section will have basic account information along with proof

of identity that they had given while registration. Same setting section is applicable for the investor module. In addition to this, the investor can also see his/her previous investments with all the details.
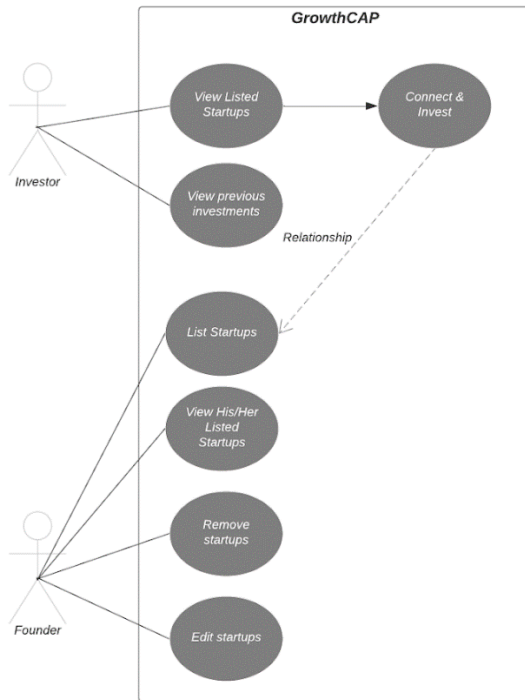

Fig.2. Use case diagram

5. RESULTS

Login page: Login page is where users of GrowthCap are verified and allowed to enter into the system. This page is common for both founders and investors to enter into their respective modules.
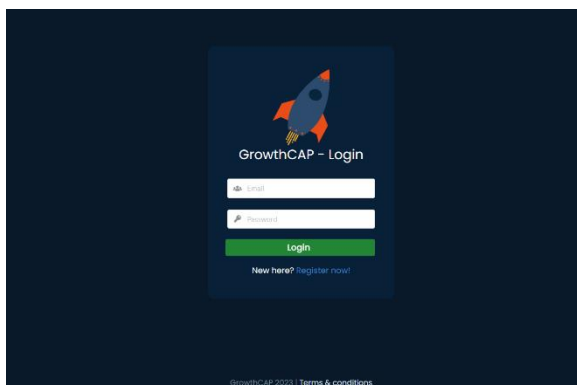

Fig. 5.1 (Login Page)

New users who are interested in investing in the startup or the users who are interested in listing their startup ideas can register themselves into the system.
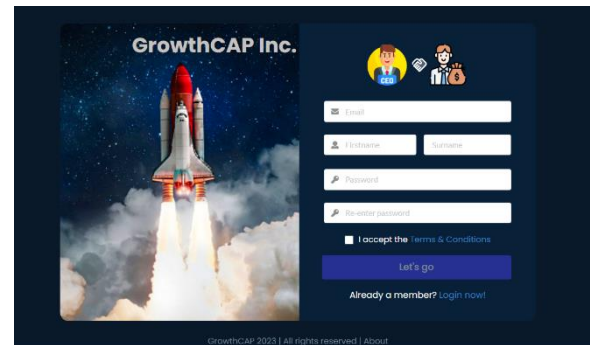
Fig. 5.2 (Registration Page)

After registering, an email verification page occurs where you will have to verify your email. The email verification link will be sent to your email address.
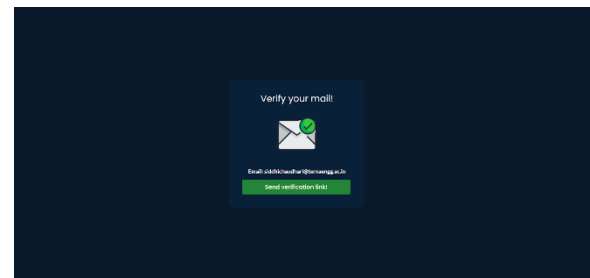
Fig.5.3. (Email Verification)

After login or registering the options come in front of the user if they want to access the website as the founder or investor.
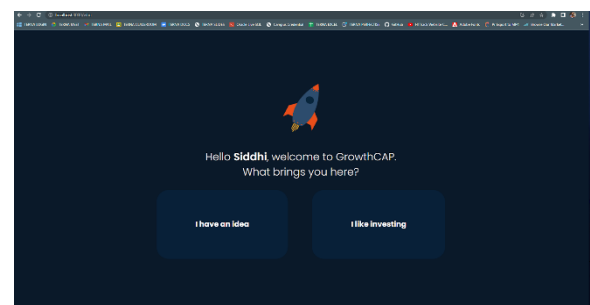

Fig.5.4(User Type)

A settings page allows users to modify their account or application settings according to their preferences. It allows the user to change the password and update the phone number.
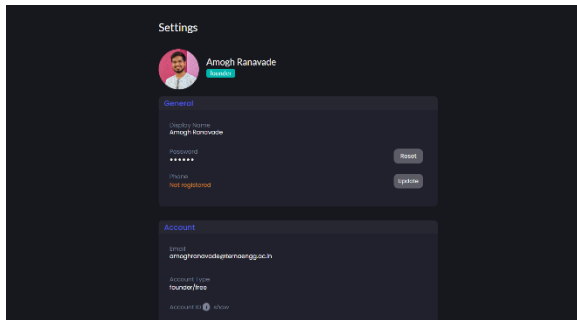

Fig.5.5 (Settings Page)

After entering the mobile number in the previously required prompt, this page prompts the user to fill the otp and verify to authenticate mobile number.
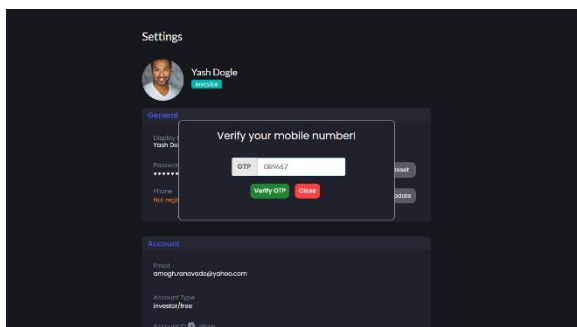

Fig.5.6 (Settings Page [Mobile Verification])

This page verifies the user with aadhar verification. The user has to fill the aadhar number and linked mobile which in turn will authenticate the user.
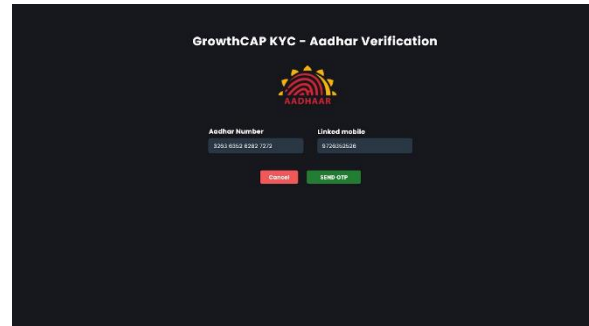

Fig.5.7 (KYC Verification)

This page displays the fields that startup founders have to fill in order to complete the portfolio. Here basic information such as Startup name, founder name, etc is required to fill.
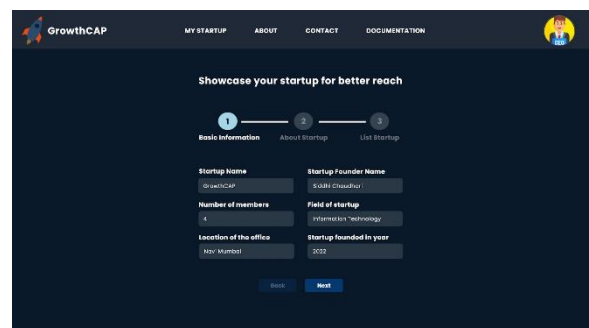

Fig.5.8 (Founder Startup List Page)

This page is a continuation of a previously filled form where users has to fill the details about startup.
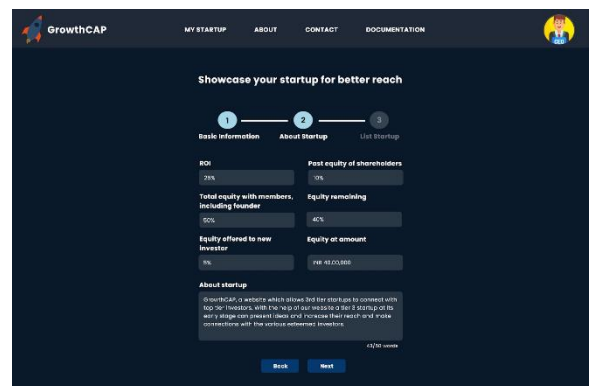

Fig.5.9 (Founder Startup List Page)

After filling the required information in previous pages this section provides the option to add the portfolio to the database and set it to view for investors.
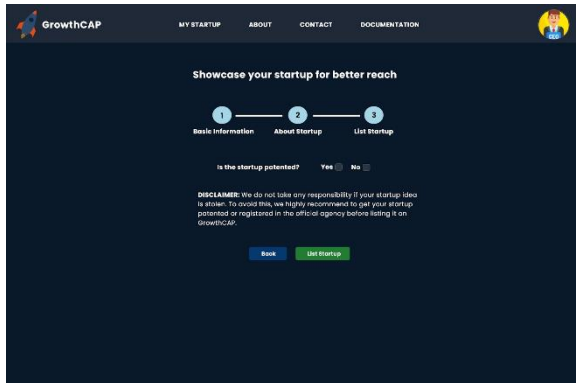

Fig.5.10 (Founder Startup List Page)

This page is a homepage to the Investor module. This page showcases multiple startups that are listed by various founders. Investors can briefly look into each of the startup's portfolio and evaluate the startup accordingly.
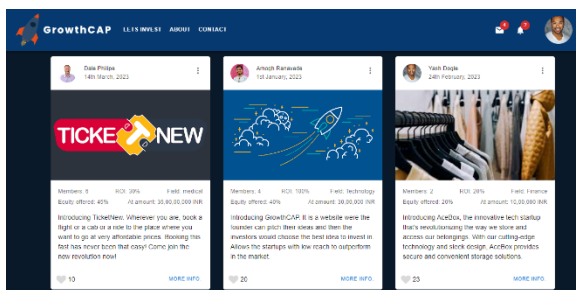

Fig.5.11 (Investor Startup View Page)

6. CONCLUSION

It was found that potential startups at very early seed phase or early stage are ignored by esteemed investors due to high risk associated with it and weak connections between the investors and the founders.

Therefore, an application is needed which would connect the investors with startups at the early stage thus giving startups like these an opportunity to boom in the market.

REFERENCES

[1] Konana, Prabhudev & Menon, Nirup & Balasubramanian, Sridhar. (2000). The Implications of Online Investing.. Commun. ACM. 43. 34-41. 10.1145/323830.323842.

[2] Janaji, Siti & Ibrahim, Fahmi & Ismail, Kamariah. (2021). Startups and Sources of Funding. 2. 88-92.

[3] Sobolev, Aleksandr. (2020). Start-Ups Evaluation With The Help Of Web-Based Platforms. 612-617. 10.15405/epsbs.2020.12.79.

[4] Lefebvre, V., Certhoux, G. & Radu-Lefebvre, M. (2020). Sustaining trust to cross the Valley of Death: A retro perspective study of business angels' investment and reinvestment decisions. https://doi.org/10.1016/j.technovation.2020.102159

[5] Understanding Angel Investing in India – An Exploratory Study based on Publicly Available Data G. Sabarinathan

[6] A SURVEY OF VENTURE CAPITAL RESEARCH by Marco Da Rin Thomas F. Hellmann Manju Puri http://www.nber.org/papers/w17523