Chrome Advisory كروم المشورة

WHITE PAPER • STARTUPS & VALUATION

The Number Is Not the Deal

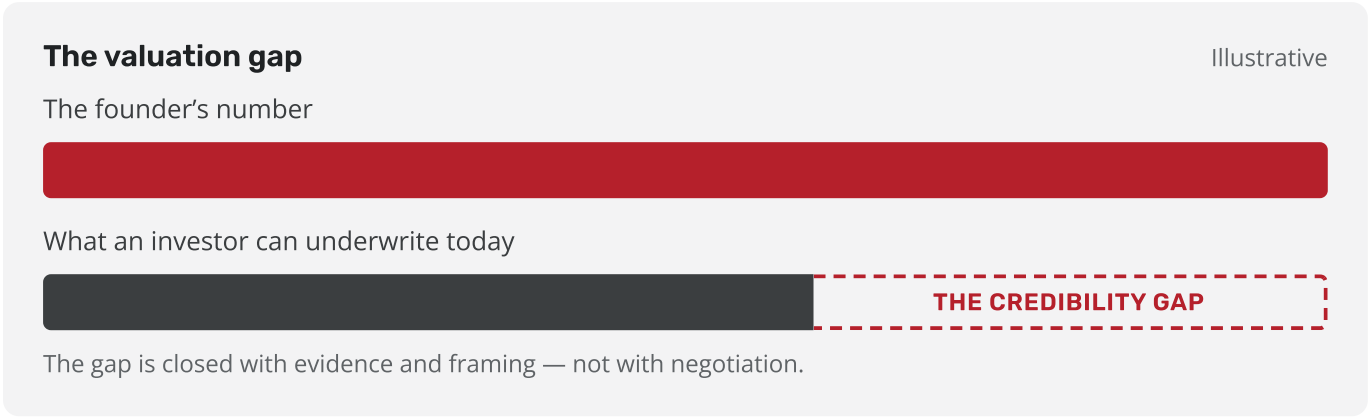
Five valuation lessons from the investor's side of the table — and how founders can raise on stronger terms.

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THE CHALLENGE

I have sat on the investor's side of the table for close to three decades, and one pattern rarely changes. A founder arrives with a strong product, a committed team — and a valuation borrowed from a peer's press release. The meeting does not end because the business is weak. It ends because the number cannot be defended.

The Kingdom's venture market has matured quickly. Capital is more available than ever, but it is also more disciplined: investors now underwrite evidence, not ambition. Across our startup engagements, the gap between a founder's number and an investor's number is rarely about the business itself. It is about how the business is explained.



THE SYMPTOMS

Four signs your valuation will stall the round

1. Your number came from a peer's round, not from your own metrics.
2. Your deck spends more slides on product than on unit economics.
3. You can't answer "how big, how fast, at what cost?" in one sentence.
4. Term-sheet talks stall on price while the terms go unread.

THE DIAGNOSTIC

Five lessons from the investor's side of the table

01 **Expectations anchored to someone else's headline**

Headline rounds rarely show the price actually paid — preferences and staged tranches sit behind most of them. **Do this:** anchor to your own traction and to stage-comparable deals, not press coverage.

02 **A market framed from the top down**

"One percent of a SAR 10 billion market" tells an investor the homework is unfinished. **Do this:** size your market bottom-up — the customers you can reach, at a known cost, within 36 months.

03 **Too much technology, too little economics**

Investors do not price features; they price cash flow and defensibility. **Do this:** translate every technical advantage into margin, retention, or a barrier a competitor cannot cross.

04 **Founders price potential. Investors price risk.**

Every unproven assumption becomes a discount on your number. **Do this:** show the risks you have already retired — and the milestone that retires the next one.

05 **Two sides, two vocabularies**

Pre-money, post-money, option pools, liquidation preferences: a higher headline with heavy terms can leave founders with less. **Do this:** negotiate the whole term sheet, not just the price.

What actually moves the number

Each step retires a risk an investor would otherwise price in



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