

The role VCs play in a startup's success beyond investment

Startups need much more than investment from their VCs – they need expert advice on how to build their technology in the most lean, effective way possible.

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Building the right tech stack and IT infrastructure is essential to the success of any startup. In those early days, such decision-making can be overwhelming – and this is where VCs can provide more value than simply financial support.

One way VCs can further support startups is advising on technology purchases – particularly more complicated decisions like those surrounding cloud computing. Startups often rely on free credits to initially get the ball rolling for their operation, but may not understand how to make their next move once these expire.

“Understanding the different offerings and unique selling points of different technology providers – as well as their pitfalls – is an important place to start for any VC advising startups,” says Filippo Sanesi, startup program manager at [OVHcloud](#). “Ultimately, that is going to help the success of a startup.”



À lire aussi

How should startups approach the cloud and financial operations?

Knowing your options

Sanesi says VCs should advise on what the main differentiators are between potential tech providers and advocate for best practices, like adopting a multi-cloud strategy or using resources like free credits in a savvy and lean way.

“Startups are given free credits generally at the beginning of their journey by their accelerator or VC to start building their technology,” says Sanesi. “However, startups often use these free credits to experiment, so don't build in the best possible way.”

“This means that as startups grow and receive more investment, their technology often isn't in the best shape to save costs or be efficient – that first bill after the free credits expire can be really high as a consequence as they've not been lean in their building process.”

Sanesi notes that cloud computing is an enabler for a startup, but it's also

a cost – and VCs can help startups make the best use of the money spent on cloud with tailored support.

“There's often misalignment between VCs, the money they invest and the technology that's used,” says Sanesi. “VCs should start getting more interested about different tech offerings out there – It's up to the founder to understand which one is best for their operation, but VCs can advise on the right provider or on the best cloud strategy initially.”

VCs should provide more open source access and software, Sanesi says, because he believes open source is the way forward.

“It's growing, here to stay and can be valuable for a lot of companies and their success,” he adds.

Cost control

With so many moving parts to keep on top of, it's easy to see how new founders can feel overwhelmed by cost control. In the early days, there can be a significant amount of trial and error, so allocating a budget to different operational areas can be tricky.

When it comes to these tech decisions, Sanesi recommends using online comparison tools to help decide on a cloud provider, in addition to asking peers their own experiences with potential partners.

“Look for not only the big names, but also for the challengers as they're often competitive on price,” says Sanesi. “Adopt a multi-cloud strategy and look around for different startup programs that offer free cloud credits, too.”

Another tip is to look for cloud providers that can offer free hours of consultation to help startups understand how they could benefit from their services – each will naturally try to sell their services, so founders

should sign up to a few consultations to compare offerings and decide which could optimise their operation in the best way.

“Most importantly, don't get stuck into the mindset that you can't migrate your cloud because it's too difficult,” says Sanesi. “Remember, you should always be able to move your operation from one cloud to another because they're yours.”

Looking ahead, Sanesi hopes that VCs will be mindful of the tech partners they sign up with and ensure they link the right provider with the right startups in their portfolio – as a mismatch could prove disastrous for a new business.

“VCs should have diverse offerings for their startups instead of simply partnering them with the biggest company that has the biggest marketing budget,” says Sanesi.

“It's a good idea to have a list of perks for each provider and deeply understand what company could offer the best value for each startup in the portfolio to help them on the road to success.”

Filippo Sanesi is startup program manager at [OVHcloud](#).

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